RafflesMedicalGroup

Expanding Our Landmark For You

ANNUAL REPORT 2017

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Vision

Your Trusted Partner for Health

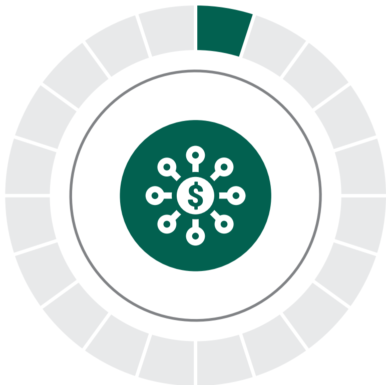
Core Values

Compassion	We put you and your well-being at the centre of all that we do. Treating all with respect, compassion and dignity.
Commitment	We will uphold your trust by maintaining the highest professional integrity and standards.
Excellence	We will continually seek advancement and innovation to achieve better healthcare.
Team-Based Care	We dedicate and combine our skills, knowledge and experience for your benefit.
Value	We seek always to create and deliver value for you.

Financial Highlights
At a glance

Revenue Contributed by Segment





56% Hospital Services

40% Healthcare Services

4% Investment Holdings

Revenue

FY2016 473.6
FY2017 477.6

$477.6m

▲ **0.8%**

Group achieved 0.8% growth in revenue to $477.6 million

PAT

FY2016 67.9
FY2017 68.7

$68.7m

▲ **1.1%**

Profit after Tax (PAT) grew by 1.1% to $68.7 million

PATMI

FY2016 70.2
FY2017 70.8

$70.8m

▲ **0.8%**

Profit after tax and minority interests (PATMI) grew by 0.8% to $70.8 million

Hospital Services Division

FY2016 285.3
FY2017 291.8

$291.8m

▲ **2.3%**

Revenue from Hospital Services Division grew 2.3% to $291.8 million

Healthcare Services Division

FY2016 209.9
FY2017 206.6

$206.6m

▼ **1.6%**

Revenue from Healthcare Services Division decreased by 1.6% to $206.6 million

Investment Holdings Division

FY2016 17.7
FY2017 21.4

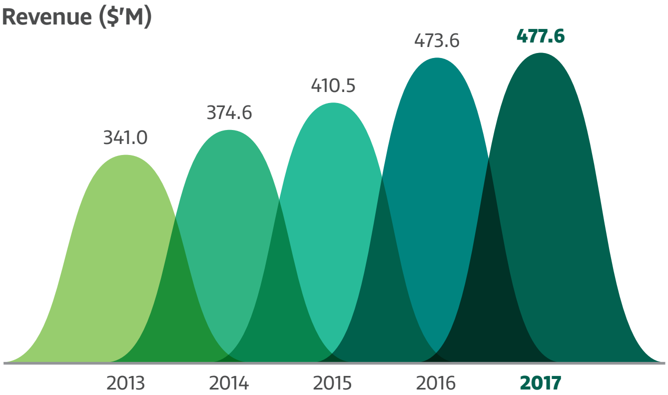
$21.4m

▲ **21.1%**

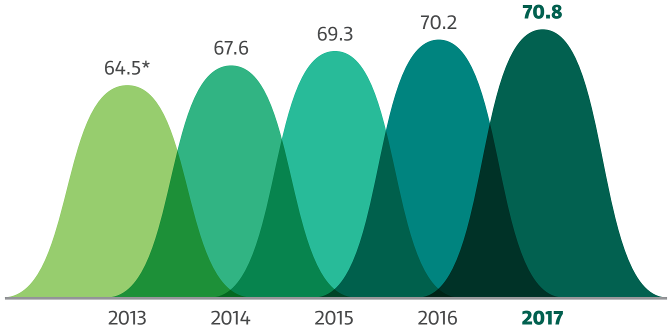
Revenue from Investment Holdings Division grew 21.1% to $21.4 million

Financial Summary

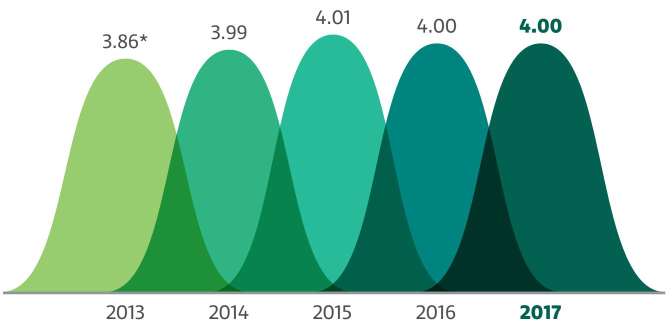
Revenue ($'M)



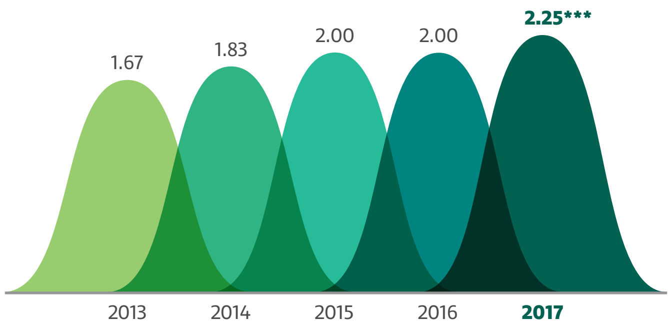
PATMI ($'M)



Earnings per Share (Cents)**



Dividend per Share (Cents)**



	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000
Revenue	340,989	374,641	410,535	473,608	**477,583**
EBITDA	82,207*	89,973	93,411	96,611	**95,078**
Operating Profit	73,939*	80,327	80,604	81,946	**80,086**
Profit Before Tax	74,850*	81,281	81,607	82,930	**80,818**
PATMI	64,504*	67,639	69,291	70,210	**70,779**
Profit After Tax	64,907*	67,962	69,031	67,946	**68,661**
Diluted Earnings per Share** (cents)	3.86*	3.99	4.01	4.00	**4.00**
Net Asset Value per Share** (cents)	28.44	31.83	34.96	38.12	**41.45**
Dividend per Share** (cents)	1.67	1.83	2.00	2.00	**2.25*** **
Return on Equity (%)	13.7*	12.6	11.5	10.5	**9.6**

* Excluding the gain on disposal of a subsidiary in 2013.
** Adjusted for share split in May 2016 (3 for 1).
*** Final dividend of 1.75 cents is subject to approval by shareholders at Annual General Meeting on 27 April 2018.

Re-enactment of scenes based on a true story.

Ms Lim* having her condition assessed after an operation to ensure there are no complications.

A medical technologist carefully analysing Ms Lim's blood sample in the lab.

Ms Lim having a light-hearted chat with Dr Yang at the sky garden on a breezy afternoon.

* Name has been changed to protect the privacy of the person.

Listening to You

Ms Lim found it hard to accept being diagnosed with colon cancer in her early 20s. At the start of the treatment, she was stubborn, demanding and uncooperative when asked to undergo further tests to assess her condition. She even doubted her doctor's ability to treat her.

But with a positive spirit and a compassionate heart, General Surgeon Dr Yang Ching Yu earned her trust as he soldiered alongside her through a major operation and follow-up treatments during the first five critical years and thereafter; always displaying patience and empathy, as well as constantly encouraging her to fight on.

20 years after her initial diagnosis, Ms Lim's condition is well under control and she is living a fulfilling life. She still visits Dr Yang periodically for review at Raffles Hospital, just that he is more like a friend to her now.

Chairman's Message

We strive to provide the best care and medical outcomes for our patients. Our core values of Compassion, Commitment, Excellence, Team-based care, and Value will continue to guide us as we grow our practice.

Though 2017 was a challenging year for the Group, we managed to grow our top line modestly by 0.8%, from $473.6 million to $477.6 million. The Group achieved a net profit after tax attributable to owners of the Company of $70.8 million, from $70.2 million in 2016.

The strong operating cashflows generated from our businesses contributed to a healthy cash position of $98.3 million as at 31 December 2017. These cashflows enabled the Group to reinvest in the Raffles Hospital Extension as well as Raffles Hospital Chongqing and Raffles Hospital Shanghai. These investments, together with capital expenditure for business expansion amounted to $141.6 million in 2017.

Opening Raffles Specialist Centre

In Singapore, we are expanding our services to meet growing patient needs. I am pleased to inform you that the Raffles Hospital Extension project was completed at the end of 2017. We opened Raffles Specialist Centre on 22 January 2018. Together with Raffles Hospital, it will function as a fully integrated medical complex. The increase in floor space will enable us to grow our clinics and bed spaces, and offer new clinical services such as radiotherapy services for cancer treatment. This extension would also provide us with the capacity to grow for the years to come. Renovation works have begun at the Hospital building to rejuvenate the existing clinics and in-patient facilities.

As demand for new services grow, we welcome new specialists in paediatrics, dermatology, ophthalmology, oncology, haematology and radiology as well as family physicians and dental surgeons. Together, the Group now has 2,400 staff consisting of multi-speciality physicians, nurses and allied health professionals, healthcare managers and other support staff. We all work together as a team to provide compassionate care in an integrated manner to all our patients, in Singapore and the region.

Digitalising the Business

Making our services more accessible for our patients, we have embarked on several digital initiatives in the year. For the convenience of our customers and patients, our e-commerce platform offers Raffles Health supplements, vaccinations and health screening services online. To better serve our patients, we introduced a SMS-digital queue system in our Raffles Medical branches. As a Group, we will continue to leverage on technology to transform our business to serve our patients and corporate clients better.

Expanding Beyond our Shores

Our medical centres in China, Hong Kong, Cambodia, Japan and Vietnam are gaining traction with expatriate and local population. We are also very pleased that the 700-bed Raffles Hospital Chongqing and the 400-bed Raffles Hospital Shanghai will be opening in the fourth quarter of 2018 and second half of 2019 respectively.

Building a Sustainable Business

As we build a sustainable business, we want to create value for our stakeholders - our patients, staff, shareholders and the community. Our commitment to sustainability extends to our environment. Our first sustainability report will be published later this year.

Striving for Medical Excellence

As a healthcare organisation, the quality of care and service for our patients is core to what we do. Our group practice model, with its peer-review system, coupled with the external audits by Joint Commission International, Mayo Clinic, and the Ministry of Health Singapore, ensure that we maintain high quality standards as we strive to provide the best care and medical outcomes for our patients. Our core values of Compassion, Commitment, Excellence, Team-based care, and Value will continue to guide us as we grow our practice.

The increase in floor space will enable us to grow our clinics and bed spaces, and offer new clinical services such as radiotherapy services for cancer treatment.

The Group now has 2,400 staff consisting of multi-speciality physicians, nurses and allied health professionals, healthcare managers and other support staff, all working together to provide compassionate care to our patients.

Appreciating our Shareholders and Board

We thank our shareholders for their support and faith in the Group. The Directors are pleased to recommend a final dividend of 1.75 cents per share. Together with the interim dividend paid in August 2017, the total ordinary dividend for the year will be 2.25 cents per share, an increase of 12.5% as compared to the previous year.

We want to record our deep appreciation to the Board of Directors for their guidance, support and contributions. Their interactions with our senior management provide valuable guidance on strategic and business matters.

We are thankful for our patients' trust in our care. As we expand, we commit to bring the Raffles Medical brand and quality of care to more patients both locally and overseas.

Dr Loo Choon Yong
Executive Chairman

Board of Directors

1 **Dr Loo Choon Yong**
Executive Chairman and Co-Founder

2 **Mr Koh Poh Tiong**
Lead Independent Director

3 **Mr Kee Teck Koon**
Chairman of Audit & Risk Committee and Independent Director

4 **Mr Eric Ang Teik Lim**
Chairman of Nomination & Compensation Committee and Independent Director

5 **Dr Wee Beng Geok**
Independent Director

6 **Professor Lim Pin**
Independent Director

7 **Mr Raymond Lim Siang Keat**
Independent Director

8 **Mr Lim Beng Chee**
Independent Director

9 **Mr Tan Soo Nan**
Non-Independent Director

10 **Mr Olivier Lim Tse Ghow**
Non-Independent Director

11 **Dr Sarah Lu Qinghui**
Non-Independent Director

1 **Dr Loo Choon Yong** is the Executive Chairman of Raffles Medical Group. He co-founded the Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. He is also the Chairman of the Asian Medical Foundation Ltd and Raffles Health Insurance Pte Ltd as well as Director of International SOS (MC Holdings) Pte Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore in 2015, as the Non-Resident Ambassador to the Republic of Poland. Prior to this, he was Non-Resident Ambassador to the Italian Republic between 2006 and 2015. He was also appointed Chairman of JTC Corporation, Singapore's leading industrial infrastructure specialist spearheading the planning, promotion and development of a dynamic industrial landscape from January 2013. He was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

Dr Loo was a Nominated Member of Parliament from 2005 to 2006 and again from 2007 to 2009. He was a member of the Board of Trustees of Singapore Management University (SMU) from 2000 to January 2014. He was also previously the Deputy Chairman of the Action Committee for Entrepreneurship (ACE), a public-private collaboration to promote entrepreneurship in Singapore, a member of the Government Economic Review Committee (ERC) from 2001 to 2003 and Chairman of ERC's Healthcare Services Working Group (HSWG).

In the area of social service, Dr Loo had been active in the fight against drug abuse for more than 20 years. He was the former Chairman of National Council Against Drug Abuse (NCADA) and President of Singapore Anti-Narcotic Association (SANA).

Besides his medical training, Dr Loo also read Law at the University of London and is a barrister of Middle Temple.

Dr Loo was awarded the Singapore National Day Awards Public Service Medal (2003) and Public Service Star (2009) and the Distinguished Service Award (2005) from the Ministry of Home Affairs for his contributions to Singapore's fight against drug abuse.

In February 2015, Dr Loo received the SG50 Outstanding Chinese Business Pioneers Award from the Singapore Chinese Chamber of Commerce & Industry. In April 2013, he was named Businessman of the Year 2012 at the Singapore Business Awards, jointly organised by The Business Times and DHL. In May 2010, Dr Loo was named Best Chief Executive Officer in the mid-cap category of the Singapore Corporate Awards organised by The Business Times and supported by the Singapore Stock Exchange.

He joined the Board on 16 May 1989.

2 **Mr Koh Poh Tiong** is currently Board Director & Advisor of Fraser & Neave Limited (F&N). He was previously the Chief Executive Officer (CEO) of F&N's Food & Beverage Division from 2008 to 2011, CEO of Asia Pacific Breweries Limited from 1993 to 2008, Non-Executive Chairman and Senior Advisor of Ezra Holdings Limited from 31 December 2012 to 31 January 2016, Director of Great Eastern Life Assurance Co. Ltd from 15 April 2008 to 14 April 2017 and Director of United Engineers Ltd from 1 December 2011 to 19 September 2017.

Mr Koh also serves as Director in SATS Ltd, Delfi Limited, Great Eastern Life Assurance (Malaysia), Great Eastern General Insurance (Malaysia) Berhad as well as Chairman of Bukit Sembawang Estates Limited, Times Publishing Limited and Yunnan Yulinquan Liquor Co Ltd. He was previously the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

Mr Koh is noted for his strong civic involvement and long-standing interest in sports and education. He is currently the Council Chairman of the Singapore Kindness Movement and Chairman of the National Kidney Foundation. He has previously served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council, the Football Association of Singapore, and on the MBA Advisory Board of the Nanyang Technological University.

For his contribution to society and business, Mr Koh was conferred the Public Service Star Award in 2013 as well as the Public Service Medal and the Service to Education Medal in 2007. Mr Koh was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998, jointly organised by The Business Times and DHL.

Mr Koh holds a Bachelor of Science degree from the University of Singapore.

He joined the Board on 3 October 2011.

3 **Mr Kee Teck Koon** is currently a Non-Executive Director of CapitaLand Limited and is also the Non-Executive Chairman of Changi Airports International Pte Ltd. Effective 9 January 2017, he assumed the position of interim Executive Director of NTUC Enterprise, whilst a search is being undertaken for a Group CEO successor. He holds Directorship positions in NTUC Enterprise Co-operative Limited, NTUC Income Insurance Co-operative Limited, Mandai Safari Park Holdings Pte Ltd and Lien Foundation.

Mr Kee was previously the Non-Executive Chairman of CapitaCommercial Trust Management Limited (the Manager of SGX-ST listed CapitaCommercial Trust). He also held several senior appointments within the CapitaLand Group including Chief Investment Officer of CapitaLand Limited (CapitaLand) and was responsible for overseeing the CapitaLand Group's Financial, Commercial and Retail businesses between April 2003 and January 2007.

Prior to that, Mr Kee was the Managing Director and Chief Executive Officer of The Ascott Limited, the Managing Director and Chief Executive Officer of Somerset Holdings Limited, Executive Vice President at Pidemco Land Limited, and had also held senior management appointments within several other organisations. He started his career in 1979 with the Singapore Armed Forces and the Ministry of Defence where he remained until 1991.

Mr Kee holds a Master of Arts in Engineering Science from the University of Oxford, United Kingdom.

He joined the Board on 3 January 2012.

4 **Mr Eric Ang** is currently Senior Executive Advisor at DBS Bank Ltd, where he has been since the start of his banking career in 1978. Prior to this appointment, Mr Ang was Head of Capital Markets at DBS Bank Ltd. Through the years, he developed a long wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines, Singapore Telecoms and CapitaMall Trust.

Currently, Mr Ang sits on the Board of Directors of Sembcorp Marine Ltd, Changi Airport Group (Singapore) Pte Ltd, Surbana Jurong Private Limited, NetLink NBN Management Pte Ltd and DBS Foundation Ltd. He is the Co-Chairman of the SGX Disciplinary Committee and is one of the Vice-Chairmen of Community Chest in Singapore.

Mr Ang has a Bachelor's degree in Business Administration (Honours) from the University of Singapore.

He joined the Board on 24 April 2015.

5 **Dr Wee Beng Geok** has more than 40 years of experience in the areas of human resource strategy, talent management and leadership development. She is well known as an expert in organisational behaviour and strategy, management and leadership, including human capital management, strategy implementation and change management.

In addition to her management experience in various companies, Dr Wee has held various academic appointments at the Nanyang Business School, Nanyang Technological University including Advisor and Director of Asian Business Case Centre, Consultant of the Division of Strategy, Management and Organisation, Programme Director of the MBA programme for Human Capital Management Specialisation as well as Associate Professor, Division of Strategy, Management and Organisation.

Dr Wee holds a PhD in Management Systems and Sciences from the University of Hull, a Master in Business Administration from Cranfield University, and a Bachelor of Business Administration from the University of Singapore.

She joined the Board on 27 November 2000.

6 **Professor Lim Pin** is currently Professor of Medicine at the National University of Singapore (NUS) and Emeritus Consultant Endocrinologist at the National University Hospital. He was the former Vice-Chancellor of NUS from 1981 to 2000, where under his leadership, NUS developed as a tertiary institution whose teaching, scholarship and quality of research commanded

Board of Directors

international respect. In recognition of his work and achievements, Professor Lim was accorded the highest academic title of 'NUS University Professor'.

Professor Lim has strong involvement in research and not-for-profit organisations. He was the Chairman of the National Wages Council from 2001 to 2014 and currently chairs the Singapore Millennium Foundation Limited, Special Needs Trust Company Limited (SNTC), Tropical Marine Science Institute (TMSI) Management Board, the Board of Trustees of the Ang Mo Kio – Thye Hua Kwan Hospital, NUHS Fund Ltd and NUHS Health & Research Endowment Fund Ltd. He is also Emeritus Advisor to the Bioethics Advisory Committee and co-chairs the Governing Boards of joint research centres such as the Singapore-MIT Alliance for Research and Technology (SMART), ETH Singapore SEC Ltd, TUM Campus for Research Excellence and Technological Enterprise (CREATE), Berkeley Education Alliance for Research in Singapore (BEARS) and Cambridge Centre for Advanced Research in Energy Efficiency in Singapore (CARES).

Professor Lim received the Outstanding Volunteer Award in October 2015 from the Minister for Social and Family Development and the Distinguished Service Award in April 2015 from the National Trades Union Congress. He was also awarded the Distinguished Service Order in 2000, Meritorious Service Medal in 1990 and Public Administration Medal (Gold) in 1984.

He joined the Board on 19 February 2001.

7 **Mr Raymond Lim** is currently Executive Chairman of APS Asset Management Pte Ltd and Senior Advisor to John Swire & Sons (Hong Kong) Ltd. He also serves on the Boards of Hong Leong Finance Limited and Swire Properties Limited.

Mr Lim was a former Cabinet Minister in the Singapore government and served as a Member of Parliament from 2001 to 2015. His ministerial appointments included Foreign Affairs, Trade & Industry, Entrepreneurship, Finance and Transport. He is currently also an Adjunct Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore and the Nanyang Centre for Public Administration, Nanyang Technological University.

Prior to entering politics in 2001, Mr Lim held various senior positions in the financial industry including Managing Director of Temasek Holdings, Chief Executive Officer of DBS Securities and Group Chief Economist of ABN AMRO Asia Securities.

A Rhodes and Colombo Plan scholar, Mr Lim has degrees in economics and law from the Universities of Adelaide, Oxford and Cambridge.

He joined the Board on 25 April 2013.

8 **Mr Lim Beng Chee** is the Chief Executive Officer and Executive Director of Shangri-La Asia Limited from 1 January 2017. He is also a Non-Executive Director in WIND Group Pte Ltd and SCPG Holdings Co Ltd. Mr Lim was previously a Non-Executive Director of Changi Airport International Pte Ltd, Chief Executive Officer of CapitaMalls Asia Limited (CMA), now known as CapitaLand Mall Asia Limited, from 2008 to 2014. CMA is a developer, owner and operator of shopping malls in Singapore, China and other parts of Asia. CMA was listed on the Singapore Stock Exchange from 2009 to 2014.

Mr Lim has more than 15 years of experience in retail real estate investment, development, mall operations, asset management and fund management with DBS Land Limited, CapitaLand Limited and CapitaLand Mall Asia Limited including a two-year stint in Beijing, China as Chief Executive Officer of CapitaRetail China Trust Management Limited, Singapore's first China retail real estate investment trust.

Mr Lim graduated with a Bachelor of Arts in Physics (Honours) from the University of Oxford, and subsequently obtained a Post Graduate Diploma in Education from Nanyang Technological University (NTU). He also holds a Master of Business Administration (Accountancy) from NTU.

He joined the Board on 23 July 2015.

9 **Mr Tan Soo Nan** currently serves on the Boards of public listed and private companies including Raffles Medical Group Ltd, SATS Ltd, Raffles Health Insurance Pte Ltd, ICE Futures Singapore Pte Ltd, ICE Clear Singapore Pte Ltd, ICE Singapore Holdings Pte Ltd and Engro Corporation Limited. Mr Tan is also active in social causes and serves as Chairman of Temasek Foundation Management Services CLG Limited and Director in Woh Hup Trust and the Society for the Physically Disabled as well as Chairman of the Advisory Board / Executive Committee of The Photographic Society of Singapore, all of which are not-for-profit organisations.

Mr Tan had previously held the positions of Chief Executive Officer at Singapore Pools (Private) Limited, Singapore Totalisator Board, and Temasek Capital (Private) Limited as well as Senior Managing Director of DBS Bank. He was also previously a Director of OSIM International Ltd, Chairman of Temasek Education Foundation CLG Limited and has had over 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

10 **Mr Olivier Lim** is currently Chairman of Certis CISCO Security Pte Ltd, Frasers Property Australia Pty Ltd and globalORE Pte Ltd, Director of SGX listed Banyan Tree Holdings Limited, DBS Group Holdings Ltd and DBS Bank Ltd. He is also a member of the board of JTC Corporation, the board of trustees of the Singapore Management University (SMU), and the board of governors of Northlight School. He serves on the Securities Industry Council and the advisory board of SMU's Institute for Societal Leadership.

Mr Lim worked at CapitaLand Limited from 2003 to 2014 and served as Group Deputy Chief Executive Officer, Group Chief Investment Officer and Group Chief Financial Officer (CFO) during his career there. He was named CFO of the Year in the Business Times Singapore Corporate Awards 2007. Between 1989 and 2003, he worked at Citibank Singapore in various roles in the corporate and investment banking units and was Head of the Real Estate Unit in his ultimate role.

Mr Lim has previously served as Non-Executive Chairman of ASX listed Australand Holdings Limited, Chairman of the Advisory Council of the Singapore CFO Institute and Chairman of Mount Faber Leisure Group. He has also held Directorships in several SGX listed companies, as well as served on the Boards of Sentosa Development Corporation and the Accounting and Corporate Regulatory Authority (ACRA).

Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine in the United Kingdom.

Mr Lim was a member of the Board from 1 October 2009 to 28 June 2013. He re-joined the Board on 1 October 2014.

11 **Dr Sarah Lu** is currently a General Surgeon with clinical interest in breast surgery, and a Consultant with Tan Tock Seng Hospital. She is the Program Director of National Healthcare Group, General Surgery Residency Programme, an adjunct Assistant Professor with Lee Kong Chian School of Medicine, and a Clinical Lecturer at the Yong Loo Lin – National University of Singapore School of Medicine.

She is passionate about education and is currently pursuing a Masters in Health Professional Education.

Dr Lu graduated from the University of London with a MBBS (Bachelor of Medicine, Bachelor of Surgery) in 2005, obtained her Master of Medicine (Surgery) from the National University of Singapore in 2010, and was admitted as a Fellow of the Royal College of Surgeons (Edinburgh) in 2013.

Dr Lu was appointed as a Non-Executive and Non-Independent Director of the Company.

She joined the Board on 20 February 2018.

Further Information on Directors

Information as at 31 December 2017

Dr Loo Choon Yong [1], 68

Executive Chairman and Non-independent Director

Academic and Professional Qualifications:
- **Bachelor of Medicine and Bachelor of Surgery, University of Singapore**
- **Diplomate Member, The College of General Practitioners, Singapore**
- **Diploma in Cardiac Medicine, University of London**
- **Bachelor of Law (Honours), University of London**
- **Barrister, Middle Temple**

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd** (Executive Chairman and Non-Independent Director)

Other Major Appointments:
1. **Ministry of Foreign Affairs** (Non-Resident Ambassador to the Republic of Poland)
2. **JTC Corporation** (Chairman)
3. **Asian Medical Foundation Ltd** (Chairman)
4. **Raffles Health Insurance Pte Ltd** (Chairman)
5. **International SOS (MC Holdings) Pte Ltd** (Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

Mr Koh Poh Tiong, 71

Lead Independent Director

Academic and Professional Qualifications:
- **Bachelor of Science, University of Singapore**

Board Committee(s) served on:
- **Audit & Risk Committee** (Member)
- **Nomination & Compensation Committee** (Member)

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd** (Non-Executive and Lead Independent Director)
2. **Fraser & Neave Limited** (Non-Executive and Non-Independent Director and Advisor)
3. **SATS Ltd** (Non-Executive and Independent Director)
4. **Delfi Limited** (Non-Executive and Independent Director)
5. **Bukit Sembawang Estates Limited** (Chairman, Non-Executive and Independent Director)

Other Major Appointments:
1. **Singapore Kindness Movement** (Chairman)
2. **National Kidney Foundation** (Chairman)
3. **Times Publishing Limited** (Chairman)
4. **Great Eastern Life Assurance (Malaysia) Berhad** (Independent Director)
5. **Great Eastern General Insurance (Malaysia) Berhad** (Independent Director)
6. **Yunnan Yulinquan Liquor Co Ltd** (Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
1. **Ezra Holdings Limited** (Non-Executive Chairman and Senior Advisor)
2. **United Engineers Limited** (Non-Executive and Independent Director)

Mr Kee Teck Koon, 61

Independent Director

Academic and Professional Qualifications:
- **Bachelor of Arts, University of Oxford**
- **Master of Arts in Engineering Science, University of Oxford**

Board Committee(s) served on:
- **Audit & Risk Committee** (Chairman)

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd** (Non-Executive and Independent Director)
2. **CapitaLand Limited** (Non-Executive and Independent Director)

Other Major Appointments:
1. **Changi Airports International Pte Ltd** (Non-Executive Chairman)
2. **NTUC Enterprise Co-operative Limited** (Executive Director)
3. **NTUC Income Insurance Co-operative Limited** (Non-Executive Deputy Chairman)
4. **Mandai Safari Park Holdings Pte Ltd** (Non-Executive Director)
5. **Lien Foundation** (Non-Executive Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

Mr Eric Ang Teik Lim, 64

Independent Director

Academic and Professional Qualifications:
- **Bachelor in Business Administration (Honours), University of Singapore**

Board Committee(s) served on:
- **Nomination & Compensation Committee** (Chairman)

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd** (Non-Executive and Independent Director)
2. **Sembcorp Marine Ltd** (Non-Executive and Independent Director)

Other Major Appointments:
1. **Changi Airport Group (Singapore) Pte Ltd** (Director)
2. **Surbana Jurong Private Limited** (Director)
3. **NetLink NBN Management Pte Ltd** (Director)
4. **DBS Foundation Ltd** (Director)
5. **SGX Disciplinary Committee** (Co-Chairman)
6. **Community Chest** (Vice-Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
1. **Hwang Capital (Malaysia) Berhad** (Non-Executive and Non-Independent Director)

[1] Dr Loo is the father of Dr Sarah Lu Qinghui, a Non-Independent Director of the Company.

Further Information on Directors

Dr Wee Beng Geok, 69
Independent Director

Academic and Professional Qualifications:
- **PhD in Management Systems & Sciences, University of Hull**
- **MBA, Cranfield School of Management, Cranfield University** (previously Cranfield Institute of Technology)
- **Bachelor of Business Administration, University of Singapore**

Board Committee(s) served on:
- **Nomination & Compensation Committee** (Member)

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd**
   (Non-Executive and Independent Director)

Other Major Appointments:
Nil

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

Professor Lim Pin, 81
Independent Director

Academic and Professional Qualifications:
- **MBBChir, MA and MD, University of Cambridge**
- **FAMS, FRCP (Lond), FRACP, FRCPE, FACP**

Board Committee(s) served on:
- **Nomination & Compensation Committee** (Member)

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd**
   (Non-Executive and Independent Director)

Other Major Appointments:
1. **Singapore Millennium Foundation Ltd** (Chairman)
2. **Special Needs Trust Company Limited (SNTC)** (Chairman)
3. **Ang Mo Kio – Thye Hua Kwan Hospital Board of Trustees** (Chairman)
4. **Singapore-MIT Alliance for Research and Technology (SMART)** (Co-Chairman)
5. **ETH Singapore SEC Ltd Governing Board** (Co-Chairman)
6. **TUM CREATE Ltd Governing Board** (Co-Chairman)
7. **Berkeley Education Alliance for Research in Singapore** (BEARS) **Governing Board** (Co-Chairman)
8. **Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Ltd (CARES) Governing Board** (Co-Chairman)
9. **National University of Singapore** (University Professor)
10. **National University Hospital** (Emeritus Consultant Endocrinologist)
11. **Tropical Marine Science Institute (TMSI) Management Board** (Chairman)
12. **Bioethics Advisory Committee** (Emeritus Advisor)
13. **NUHS Fund Ltd** (Chairman)
14. **NUHS Health & Research Endowment Fund Ltd** (Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

Mr Raymond Lim Siang Keat, 58
Independent Director

Academic and Professional Qualifications:
- **Bachelor of Economics (First Class Honours), University of Adelaide**
- **Bachelor of Arts in Jurisprudence, Balliol College, University of Oxford**
- **Master of Law (First Class Honours), King's College, University of Cambridge**

Board Committee(s) served on:
- **Audit & Risk Committee** (Member)

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd**
   (Non-Executive and Independent Director)
2. **Hong Leong Finance Limited**
   (Non-Executive and Independent Director)
3. **Swire Properties Limited** (Non-Executive Director)

Other Major Appointments:
1. **APS Asset Management Pte Ltd** (Executive Chairman)
2. **John Swire & Sons (Hong Kong) Ltd** (Senior Advisor)
3. **Lee Kuan Yew School of Public Policy, National University of Singapore** (Adjunct Professor)
4. **Nanyang Centre for Public Administration, Nanyang Technological University, Singapore** (Adjunct Professor)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
1. **Insurance Australia Group Limited**
   (Non-Executive and Independent Director)

Mr Lim Beng Chee, 50
Independent Director

Academic and Professional Qualifications:
- **Bachelor of Arts in Physics (Honours), University of Oxford**
- **Post Graduate Diploma in Education, Nanyang Technological University**
- **Master of Business Administration (Accountancy), Nanyang Technological University**

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:
1. **Raffles Medical Group Ltd**
   (Non-Executive and Independent Director)
2. **Shangri-La Asia Limited** (Executive Director)

Other Major Appointments:
1. **WIND Group Pte Ltd** (Non-Executive Director)
2. **SCPG Holdings Co Ltd** (Non-Executive Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

Mr Tan Soo Nan, 69

Non-Independent Director

Academic and Professional Qualifications:

- **Bachelor of Business Administration (Honours), University Of Singapore**
- **Associate of The Chartered Institute of Bankers**
- **Program for Management Development, Harvard Business School**

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:

1. **Raffles Medical Group Ltd** (Executive and Non-Independent Director)
2. **SATS Ltd** (Non-Executive and Independent Director)
3. **Engro Corporation Limited** (Non-Executive and Independent Director)

Other Major Appointments:

1. **Raffles Health Insurance Pte Ltd** (Executive Director)
2. **ICE Futures Singapore Pte Ltd** (Director)
3. **ICE Clear Singapore Pte Ltd** (Director)
4. **ICE Singapore Holdings Pte Ltd** (Director)
5. **Temasek Foundation Management Services CLG Limited** (Director)
6. **Woh Hup Trust** (Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):

1. **OSIM International Ltd** (Director)

Mr Olivier Lim Tse Ghow, 53

Non-Independent Director

Academic and Professional Qualifications:

- **Bachelor of Engineering (Civil) (First Class Honours), Imperial College, London**

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:

1. **Raffles Medical Group Ltd** (Non-Executive and Non-Independent Director)
2. **Banyan Tree Holdings Limited** (Non-Executive and Independent Director)
3. **DBS Group Holdings Ltd** (Non-Executive and Independent Director)

Other Major Appointments:

1. **Frasers Property Australia Pty Ltd** (Chairman, Non-Executive and Independent Director)
2. **Certis CISCO Security Pte Ltd** (Chairman, Non-Executive and Independent Director)
3. **JTC Corporation** (Board Member)
4. **Singapore Management University Board of Trustees** (Member)
5. **Securities Industry Council** (Member)
6. **globalORE Pte Ltd** (Chairman, Non-Executive and Independent Director)
7. **DBS Bank Ltd** (Non-Executive and Independent Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

Dr Sarah Lu Qinghui [2], 36

Non-Independent Director

Academic and Professional Qualifications:

- **MBBS, University of London**
- **Master of Medicine (Surgery), National University of Singapore**
- **Fellow, Royal College of Surgeon (Edinburgh)**

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:

1. **Raffles Medical Group Ltd** (Non-Executive and Non-Independent Director)

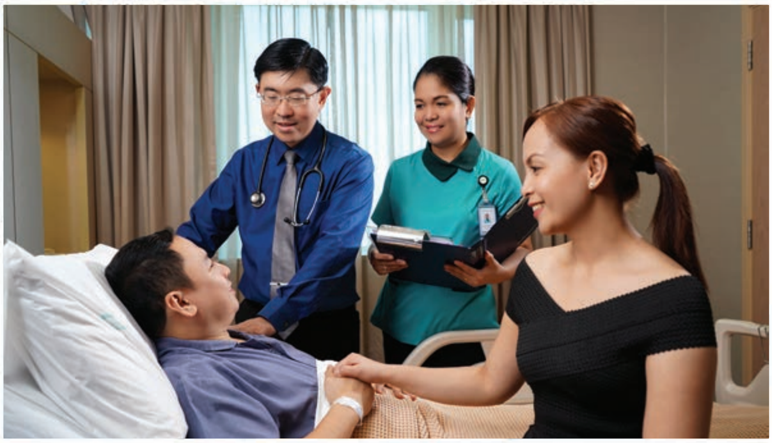
Other Major Appointments:
Nil

Previous Directorships in Other Listed Companies held over the preceding three years (1 Jan 2015 to 31 Dec 2017):
Nil

[2] Dr Sarah Lu Qinghui was appointed to the Board on 20 February 2018. Dr Lu is the daughter of Dr Loo Choon Yong, Executive Chairman of the Company.

Re-enactment of scenes based on a true story.

The emergency team performing resuscitation to revive Mr Aven*.



Mr Aven being assured that he is recovering well after the procedure.

Mr and Mrs Aven learning how to care for the heart during a review session.

* Name has been changed to protect the privacy of the person.

Putting You First

A heart attack is not something that one can foresee. While on a holiday in Singapore with his wife, Mr Aven suddenly collapsed from a cardiac arrest and was rushed to the 24-hour emergency department at Raffles Hospital without a heartbeat. The emergency team wasted no time in resuscitating him back to life. To everyone's relief, Mr Aven's heart started beating again.

A multi-disciplinary team of specialists, led by Cardiologist Dr Teo Swee Guan, and nurses immediately followed up after that. They worked together to stabilise Mr Aven's condition with further treatment, and kept him under close supervision throughout his stay in the hospital.

Tears of joy and consolation filled Mrs Aven's eyes when Mr Aven whispered "I love you" to her as he regained consciousness. Mr Aven steadily recovered from this episode and is continuing with outpatient therapies in his home country to manage his health condition.

Senior Management

1 Dr Loo Choon Yong

Executive Chairman, Raffles Medical Group

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group. He co-founded the Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. He is also the Chairman of the Asian Medical Foundation Ltd and Raffles Health Insurance Pte Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore in 2015, as the Non-Resident Ambassador to the Republic of Poland. Prior to this, he was Non-Resident Ambassador to the Italian Republic between 2006 and 2015. He was also appointed Chairman of JTC Corporation, Singapore's leading industrial infrastructure specialist spearheading the planning, promotion and development of a dynamic industrial landscape from January 2013. He was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

2 Ms Goh Ann Nee

Chief Financial Officer, Raffles Medical Group

Ms Goh Ann Nee joined Raffles Medical Group as Chief Financial Officer in February 2016. Prior to her appointment, Ms Goh has been the Chief Financial Officer of City Developments Limited and the Vice President (Finance) at Millennium & Copthorne International Limited. She also worked with various multi-national companies, and was based overseas in various cities during the course of her career in international financial management.

A Chartered Accountant, Ms Goh graduated with a Bachelor of Accountancy from the University of Glasgow and started her career with Coopers & Lybrand (now known as PricewaterhouseCoopers) in London. She subsequently obtained a Master of Business Administration.

Ms Goh is also a member of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and a Fellow Member of CPA Australia.

She has being reappointed to the ACRA (Accounting and Corporate Regulatory Authority) Financial Reporting Technical Advisory Panel and also on the Advisory Council at the Fletcher School of Law & Diplomacy, GMAP (Boston, USA).

3 Ms Jessica Tan Soon Neo

Director, Group Commercial, Raffles Medical Group

Ms Jessica Tan joined the organisation in June 2017 as Director, Group Commercial. Her role includes leveraging Raffles Medical Group's integrated healthcare system to lead and support the growth strategies for Raffles Medical Group in Singapore and the region, providing quality healthcare to patients and building partnerships with corporate clients and industry partners.

Ms Tan has over 27 years in the IT industry, 13 years with Microsoft and 14 years with IBM. In her tenure with both organisations, she has held leadership roles across diverse areas of the business in the Asia Pacific region and Singapore. She developed and drove growth strategies and business results, deepened customer and partner relationships. Ms Tan also focused on the development and attraction of the best talent for the organisations, and led Microsoft's ongoing corporate citizenship commitments to help advance social and economic progress.

In 2015, Ms Tan was re-elected Member of Parliament for the East Coast Group Representation Constituency in Singapore, having served for two terms since May 2006. She is the Chairman of the East Coast Fengshan Town Council. She is currently a member of the Social and Family Development and Manpower GPCs. In 2016, she was appointed Chairman of the Public Accounts Committee. Ms Tan is active in various communities in Singapore, and serves as board member in a number of Singapore communities, listed companies and educational institutions.

4 Mr Lawrence Lim

Director, Corporate Development, Raffles Medical Group

Mr Lawrence Lim is the Director of Corporate Development responsible for healthcare facility and institutional development projects. He was the General Manager of Raffles Hospital for a period of 10 years from its inception in 2000 to 2012. In the course of this period, he held concurrent responsibilities for managing the network of GP and dental clinics and providing consultancy for overseas healthcare projects. He has extensive years of experience in the healthcare industry. He started in the Ministry of Health as the Director of Development responsible for policy developments for the Medisave Scheme and health facility development. Prior to joining Raffles Medical Group, Mr Lim was the Chief Executive Officer of the Singapore General Hospital from 1992 to 2000, and Chief Executive Officer responsible for restructuring the Toa Payoh Hospital from 1990 to 1992.

Mr Lim graduated from the University of Birmingham in 1977 with a Bachelor of Social Science in Mathematical Economics (1st Class Honours). He obtained a Master of Science in Management in 1988 from Stanford University's Graduate School of Business, and attended the Advanced Management Program at the Harvard Business School in 1995.

5 Mrs Kimmy Goh

Group Financial Controller and Company Secretary, Raffles Medical Group

Mrs Kimmy Goh joined Raffles Medical Group in 1992 and holds the responsibilities of Group Financial Controller since 2005. She was appointed Company Secretary in 2007.

Mrs Goh is responsible for the Group's financial strategy & management, taxation, treasury and corporate secretarial functions. She is also involved in corporate planning of the Group. Prior to joining the Group, Mrs Goh had about eight years of audit experience with two international public accounting firms.

Mrs Goh is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and is a Fellow of the Association of Chartered Certified Accountants (ACCA).

6 Dr Kenneth Wu

General Manager, Raffles Hospital

Dr Kenneth Wu is the General Manager of Raffles Hospital and is responsible for the operations and facilities management of Raffles Hospital. He joined the Group in 1997 as a family physician and subsequently took on management roles in Raffles Medical and thereafter, Raffles Hospital.

Dr Wu graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore in 1989 and obtained his GDFM (Graduate Diploma Family Medicine) from the National University of Singapore in 2007.

7 Mr Yong Yih Ming

General Manager, Raffles Medical

Mr Yong Yih Ming is the General Manager of Raffles Medical and is responsible for developing the Group's corporate businesses, and managing the primary care network of clinics and health screening centres in Singapore. He joined the Group in 2007 and has served as Director, Operations and Director, Corporate Services. In 2010, he led a team to set up the Group's first medical centre in Shanghai, China.

Mr Yong has 14 years of experience in the healthcare industry. He previously held management positions in ambulatory operations, operational support services and business development in Alexandra Hospital before joining the Group. He was involved in the development of Khoo Teck Puat Hospital (KTPH) as a member of the KTPH Planning Committee, and chaired the Operational Support Services Workgroup then.

Mr Yong obtained a Master of Business Administration in Healthcare Management from the National University of Singapore in 2013. He has been serving as a District Councillor with the South East Community Development Council since 2011.

8 Mr Teo Kah Ling

Chief Information Officer, Raffles Medical Group

Mr Teo Kah Ling is the Chief Information Officer of Raffles Medical Group, and has 15 years of experience in the healthcare industry.

Mr Teo previously held the position of Head Systems Services and Principal Enterprise Architect of Integrated Health Information Systems. During his time with Integrated Health Information Systems, he was responsible for all IT Infrastructure related projects for the National Healthcare Group of Hospitals.

Mr Teo graduated from the National University of Singapore with a Bachelor of Science (Computer and Information Science) in 1991. He also has a Master of Business Administration from the University of Leicester and a Master of Science (Artificial Intelligence) from the University of Leeds.

9 Ms Christine Cheu

General Manager, Raffles Health Insurance

Ms Christine Cheu joined in January 2017 as the General Manager of Raffles Health Insurance, a subsidiary of Raffles Medical Group. She is responsible for the health insurance and third party administration business.

Ms Cheu has 23 years of experience in Life & Health and Reinsurance sectors. She started her career in Singapore in 1994. Three years later, she moved to Zurich, Switzerland to join Swiss Reinsurance Company and later, Winterthur Insurance and Zurich Insurance Company. Her responsibilities included product development, actuarial pricing, and client management, covering the Asian and European markets. In 2008, Ms Cheu moved to Hong Kong with Zurich Insurance to help with the regional expansion. In 2013, she was transferred to Malaysia where she became the Chief Marketing Officer of Zurich Insurance Malaysia before joining Hong Leong Assurance as Chief Operating Officer two years later.

Ms Cheu graduated from University of Western Ontario (Canada) with a Bachelor of Science, major in Actuarial Science in 1994. She later obtained a Master of Business Administration from University of Chicago Booth School of Business in 2006 and a Master of Science in Information System Management from Hong Kong University of Science and Technology in 2011.

10 Dr Koh Hau-Tek

General Manager, Raffles Medical, China

Dr Koh Hau-Tek is the General Manager, Raffles Medical, China. Prior to joining Raffles Medical in January 2017, he has worked previously in other major medical groups in Singapore and the Republic of Ireland, and has been a practicing physician for over 17 years. Dr Koh has sat on and presided over Medical Boards and Clinical Governance committees in several medical groups, including Parkway Shenton and Healthway Medical Group. He was actively involved in multiple large-scale projects in both B2B and B2G arenas, to enhance scope of clinical services and developing new business lines. He was involved operationally in national pandemics, supervising and overseeing the preparations and implementation of pandemic workflow at the airport and multiple primary care facilities. After Parkway Shenton, Dr Koh was Vice-President, International Business Development, with focus on strategy and business development at Certis CISCO Pte Ltd, driving merger and acquisition activities.

Graduating from the National University of Ireland with a 1st class Honours medical degree & an intercalated Bachelor of Medical Science, Dr Koh completed Basic Specialist training in General Surgery in the Republic of Ireland. After achieving membership to the Royal College of Surgeons in Ireland, he further obtained a Master in Medicine (Surgery), Singapore. Dr Koh is a registered Family Physician with the Singapore Medical Council and a registered Designated Workplace Doctor with Singapore's Ministry of Manpower and currently both in management and clinical practice. He also completed an Advanced Management Program (Nanyang-Berkeley), and holds a Master of Business Administration (MBA) from Nanyang Business School.

Dr Koh is an adjunct lecturer in Occupational Medicine at the National University of Singapore.

11 Mr Andrew Wong

General Manager, IndoChina, Special Business Units & Raffles Japanese Clinic

Mr Andrew Wong is the General Manager responsible for IndoChina, Special Business Units and Raffles Japanese Clinic. He has about 13 years of experience in the healthcare industry. Prior to joining Raffles Medical Group in May 2017, he was the President of Healthway Medical Corporation Ltd in 2016, and Chief Executive Officer of Pacific Healthcare Holdings Ltd from 2014 to 2016.

Mr Wong ran a healthcare consultancy advising private equity clients looking at healthcare acquisitions in Asia from 2009 to 2013. He was also Group Vice President, Business Development and Strategy at Parkway Holdings Ltd from 2007 to 2009, and helmed the healthcare portfolio at Khazanah Nasional Bhd from 2005 to 2007.

Mr Wong is a Chartered Accountant. He graduated from the University of Adelaide with a Bachelor of Economics, and worked with KPMG in Australia upon graduation.

12 Ms Wu Choy Siong

Director, Raffles Medical International

Ms Wu is the director of Raffles Medical International responsible for the business operations in Hong Kong and developmental projects in China. She concurrently holds the position of Deputy General Manager for Raffles Hospital and is responsible for ambulatory and commercial operations.

She joined the Group in 2012 as Director of Raffles Medical clinics, managing operations of outpatient clinics island-wide. In 2014, Ms Wu relocated to Hong Kong as the General Manager of Raffles Medical Hong Kong. She returned to Singapore in 2017.

Prior to joining the Group, she was the Chief Operating Officer of Maccine Pte Ltd, a biomedical contract research organisation in Singapore.

Ms Wu graduated from the University of Toronto with a Bachelor degree in Chemical Engineering. She also has a Master of Science in Operations Research from Georgia Institute of Technology and a Master of Business Administration from Nanyang Technological University.

Senior Physician Leaders

Dr Alfred Loh
Senior Clinical Director
Raffles Medical

Prof Walter Tan
Medical Director
Raffles Hospital

Dr Wilson Wong
Medical Director
Raffles Medical

Dr Yang Ching Yu
Medical Director
Raffles Hospital

Dr Onishi Yoichi
Medical Director
Raffles Japanese Clinic

Dr Chng Shih Kiat
Medical Director
Raffles Medical

Dr Lee Jong Jian
Medical Director
Raffles Hospital

Dr Stanley Liew
Medical Director
Raffles Hospital

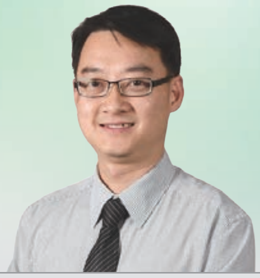
Dr Motoda Lena
Medical Director
Raffles Japanese Clinic

Dr Lee I Wuen
Deputy Medical Director
Raffles Hospital

A/Prof Abdul Razakjr Bin Omar
Deputy Medical Director
Raffles Hospital

Dr Michael Lee
Deputy Medical Director
Raffles Medical

Dr Wong Wei Mon
Deputy Medical Director
Raffles Medical



Dr Michael Wong
Deputy Medical Director
Raffles Medical

Dr Chin Min Kwong
Deputy Medical Director
Raffles Medical

Dr Hoo Kai Meng
Deputy Medical Director
Raffles Medical

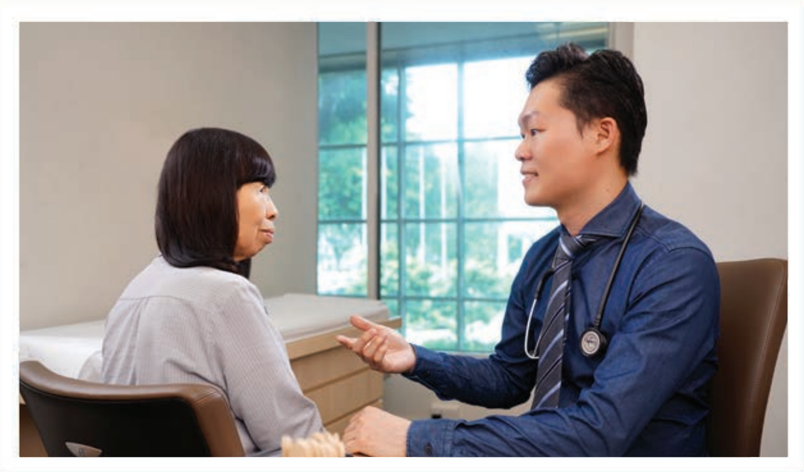
Dr Salleh Omar
Deputy Medical Director
Raffles Medical

Dr Nandha Kumar
Deputy Medical Director
Raffles Medical

Dr Melvyn Wong
Deputy Medical Director
Raffles Medical

Re-enactment of scenes based on a true story.

Mrs Chan* being greeted by a patient service officer to register her particulars before consultation.



Dr Lim advising Mrs Chan on possible options she can adopt to manage her health better.

Dr Lim ensuring that Mrs Chan reaches home safely.

* Name has been changed to protect the privacy of the person.

Caring for You

None of us would expect to get a ride home from a doctor who is seeing us for the first time. Mrs Chan, who was in her late 60s and a Pioneer Generation card holder, visited a Raffles Medical clinic as she was experiencing some giddiness and back pain. She was attended to by General Practioner Dr Lim Kien Sin who carried out some tests to diagnose her discomfort.

After collecting her medication and making payment, Mrs Chan sat in the clinic to rest in the hope that her giddiness would stop before heading home. Unfortunately, it did not. As she was the last patient of the day, Dr Lim was curious to see Mrs Chan still in the clinic.

After learning about her difficulty and concerned for her safety, Dr Lim gently supported Mrs Chan to her feet and offered her a lift home. This was a small gesture to Dr Lim who felt that he was just doing what he could to help his patient. But this left a lasting impression on Mrs Chan.

Operations Review

The Group registered a revenue of $477.6 million for the year ended 2017, an increase from $473.6 million the year before. Revenue from Hospital Services division and Investment Holdings grew by 2.3% and 21.1% respectively, while revenue from Healthcare Services division decreased 1.6%.

In 2017, Raffles Medical Group (RMG) saw the completion of the Raffles Hospital extension - Raffles Specialist Centre. The new 20-storey building would provide significant opportunities for the Hospital to expand its current range of specialist services, as well as healthcare training and clinical research.

The Group also announced the investment in a 700-bed international hospital in Chongqing, China. Raffles Hospital Chongqing will be opened in the fourth quarter of 2018.

RMG embarked on a revamp of frontline uniforms to reflect the Group's corporate branding. Launched in September 2017, uniforms were changed from blue to green, a colour associated with life, safety and growth.

In 2017, the Group's revenue was $477.6 million, a 0.8% growth from 2016. It registered a profit after tax of $68.7 million, an increase of 1.1% from $67.9 million in 2016.

The newly opened Raffles Specialist Centre enables us to grow the breadth and depth of Raffles Hospital's services over the next few years to serve even more patients.

Raffles Hospital

Increasing Patient Acuity

2017 was a challenging year for medical tourism in Singapore. Despite this, Raffles Hospital continued to expand as demand for advanced medical care, particularly in oncology, cardiology, emergency and intensive care services, continued to grow. New specialists in paediatric medicine, medical oncology, radiology, neonatology and haematology were recruited in 2017 to build up the breadth and depth of the hospital's capabilities.

Raffles Hospital benefited from its ongoing collaboration with Mayo Clinic for complex cases and will focus on developing leading capabilities in the years ahead to serve the needs of the ageing population in Singapore and the region.

To increase patient awareness, Raffles Hospital organised two major health seminars with Channel NewsAsia. Each of the seminars, focusing on fertility and ageing, attracted more than 400 attendees.

As part of the continued partnership with the Ministry of Health (MOH), Raffles Hospital's Emergency Care Collaboration was extended in June 2017 for another five years. Under this collaboration, SCDF ambulances bring patients to Raffles Hospital for emergency medical care. This has helped improved patients' access to Accident & Emergency (A & E) services at subsidised rates.

Raffles Medical Centres at Shaw Centre and Raffles Holland V allowed a wider group of patients to access specialist services outside the Raffles Hospital facility. To meet growing demands, paediatric service was added to the existing clinical mix of dermatology, obstetrics and gynaecology at the Raffles Medical Centre-Holland V.

In September 2017, Raffles Hospital was awarded the Customer Satisfaction Index of Singapore Recognition Award for its outstanding performance in customer satisfaction in the healthcare sector from 2007 to 2016.

Investing for Future Growth

Raffles Specialist Centre – the new 20-storey building with two basements yields a total gross floor area of about 220,000 square feet and was developed at a total estimated cost of $310 million. Together with the existing hospital, the combined development, which yields a gross floor area of about 520,000 square feet, will offer opportunities to expand capacity, increase the breadth and depth of specialties in various disciplines, and to develop new services. There will also be more food and beverage options, including a food court in the basement, and cafes and restaurants on the first three levels of the building.

The development was awarded the Platinum Green Mark for Healthcare Facilities by the Building and Construction Authority in 2017.

The specialist centres constitute the initial wave of occupants of the new building. Occupying a total of six floors, these centres include Breast, Cancer, Children, Counselling, Diabetes & Endocrine, ENT, Heart, Internal Medicine, Neuroscience, Orthopaedic, Pain Management, Radiology, Rehabilitation, Surgery, Urology and Vascular Intervention. With Raffles Specialist Centre in operation, the existing Raffles Hospital building will undergo renovation works to refurbish and expand patient wards so as to meet growing demands for inpatient services.

The total development will function as a one-stop medical hub that supports patient-centred and team-based care, as well as Raffles Hospital's programme for growth of its clinical services, teaching and research activities.

Specialist services at Orchard Road and Holland Village allowed patients to access specialist services at a location closer to them. Paediatric service was added to the existing clinical mix at the Raffles Medical Centre-Holland V.

Raffles Medical continued to serve Singaporeans who are eligible for the Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) scheme through its extensive island wide network of clinics.

Raffles Medical

Expanding Network of Services

Raffles Medical continued to bring quality healthcare closer to our patients with the opening of new clinics at Hillion Mall, Clementi Ave 3 and Changi Airport Terminal 4. Northpoint City re-opened in September 2017 after the mall's retrofitting.

The Emergency Care Collaboration between Raffles Hospital and MOH continues for another five years to bring subsidised care to more Singaporeans.

Patients receive personalised care from our dedicated team of healthcare professionals that aim to support them from diagnosis to recovery.

Operations Review

Raffles Medical launched three Primary Care Network (PCN) clusters across Singapore to help chronic illness patients manage their conditions better at a location convenient to them.

At Raffles, we care about the well-being of our patients and strive to provide the best service throughout their journey with us.

A new Japanese Service was also introduced at Raffles Holland V. New in-house clinics were opened in Dover and Tampines.

A new MediConcierge service was introduced at Changi Airport Terminal 4. With a touch of a button, it brings real-time medical advice from doctors and nurses, health advisories and more to users.

As part of its digitalisation efforts to make healthcare more accessible to patients, Raffles Medical introduced selected medical services such as health screening packages and vaccinations on the e-commerce platform.

In 2017, Raffles Medical was appointed by the Ministry of Health (MOH) and the Civil Aviation Authority of Singapore (CAAS) to provide temperature screening for travellers at Changi and Seletar Airports.

Affordable Healthcare, Everywhere

Raffles Medical continued to serve Singaporeans who are eligible for the Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) scheme through its extensive island wide network of clinics.

The network of clinics, one of Singapore's largest GP network, will be able to care for patients with chronic conditions more comprehensively with the award of the new Primary Care Network (PCN) Scheme in 2018 by MOH and the Agency of Integrated Care (AIC).

Providing One-Stop Corporate Solutions

RafflesOne continued to be the key corporate healthcare solution and value proposition for companies partnering RMG for their healthcare, group insurance and benefits administration needs. RafflesOne helped many companies better manage their healthcare costs and productivity, mitigate occupational health risks and improve overall wellness among their employees through its integrated and one-stop partnership model.

More new companies in the financial, transport, retail, food and beverage, services and government sectors were added to RMG's client portfolio in 2017.

In recognition of its quality corporate solutions, RMG emerged as the winner in the Best Corporate Healthcare category in the HRM Asia Readers' Choice Awards 2017, for the fourth consecutive year since its inception.

Raffles Dental

Increasing Operating Capacity

Raffles Dental welcomed seven new dental surgeons in 2017, increasing its capacity to serve a larger volume of patients after office hours at Raffles Hospital and its regional centres.

To meet the growing demand for more complex dental work in the general practice setting, Raffles Dental invested in training to equip its dentists with skills to better serve the needs of its patients.

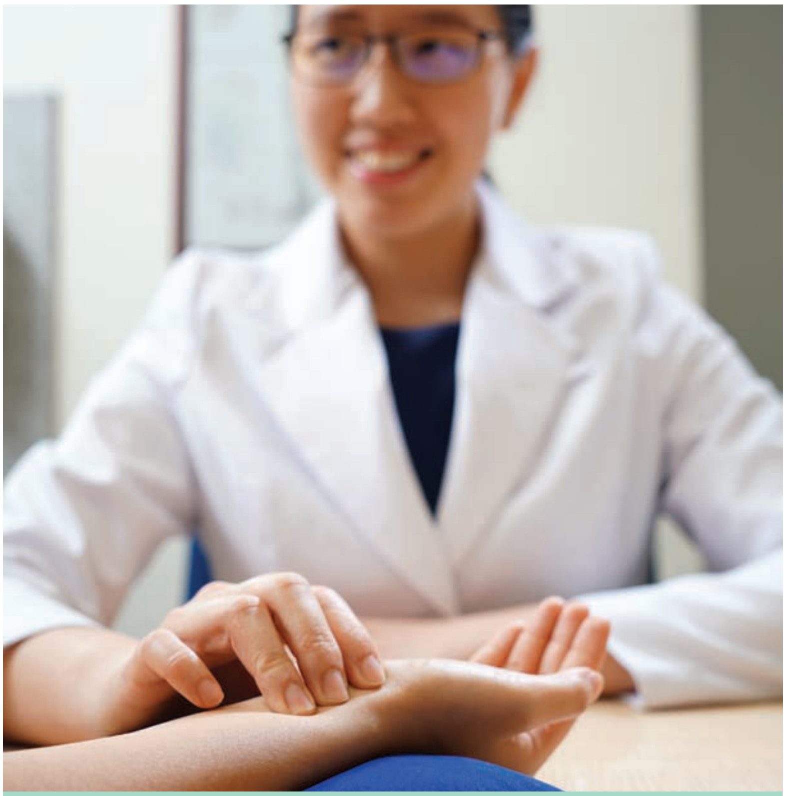
> Raffles Medical introduced selected medical services such as health screening packages and vaccinations on the e-commerce platform to make healthcare more accessible to patients.

Raffles Chinese Medicine

Extending Awareness and Outreach

Raffles Chinese Medicine (RCM) is a one-stop centre with key strengths in fertility, pain management, cancer complementary care, stroke aftercare and chronic ailments. In 2017, RCM celebrated the opening of its new clinic in Raffles Holland V with invitations to residents and corporate clients for TCM talks and demonstration. This led to an increase in awareness and demand for TCM services.

To support its operations and future growth, RCM has enrolled three new physicians to strengthen its team of TCM professionals. In the coming year, RCM will also be participating in outreach programmes to raise awareness and help those living with chronic illness to better manage their condition.



Raffles Chinese Medicine continues to build on their key strengths in fertility, pain management, cancer complementary care, stroke aftercare and chronic ailments, by strengthening its team of TCM physicians.

Raffles Health

Progression and Digitalisation

Raffles Health brought consumer healthcare to the e-commerce platform in 2017. The online (www.raffleshealth.com) and various stores located in Raffles Hospital, Raffles Medical clinics and Raffles Holland V work together to provide consumers a convenient and consistent shopping experience.

Raffles Health boosted its social and digital focus by adding new expertise to their marketing team that helped to build their online presence. Raffles Health will continue to increase investment in digital marketing while developing new products to help people lead healthier lives.

Raffles Health's e-commerce platform and its retail outlets provide a convenient and consistent shopping experience for its customers.

Operations Review

Raffles Healthcare Institute contributes to the training of local and foreign healthcare professionals to support the Group's growing manpower development needs.

Our collaboration with Mayo Clinic focuses on developing capabilities in the years ahead to serve the healthcare needs in Singapore and the region.

Raffles Health Insurance

Maintaining Quality Services

Raffles Health Insurance (RHI) was affected by unfavourable claim situation from Global Medical Insurance and pricing pressure from the group insurance business. Despite the circumstances, RHI focused on growing its client base and managed to secure more corporate accounts for third party administrative services.

Raffles Healthcare Institute

Breaking Boundaries, Opening Doors

Raffles Healthcare Institute (RHI) expanded its training programmes to international students and external participants.

In 2017, a total of 94 international students from nine universities and colleges in Korea, Japan, Australia, Taiwan, Hong Kong and China attended the Institute's overseas nursing education programme. This programme exposed the international nursing students to an integrated approach to clinical reasoning and analytical skills to recognise and evaluate patient outcomes. It includes a hospital tour to complement overseas academic education with observational insights to clinical nursing practice in a private hospital, and exposure to private sector standards of service excellence and business management.

On the local front, the Institute availed its training programmes to corporate clients as well as healthcare professionals. There was a total of more than 4,000 participants in the Institute's life support courses such as Basic Cardiac Life Support, Automated External Defibrillator, First Aid Awareness, and Standard First Aid.

Training partnerships were also established with major clients including Organs of State and Statutory Boards such as People's Association, Supreme Court, Family Justice Court, tertiary educational institutions such as Ngee Ann Polytechnic, Republic Polytechnic, and Pioneer Junior College, large multi-national corporations such as the SIA Group and Procter & Gamble, and other enterprises such as BASF, ENI, SG Petroleum and Yinson.

Apart from providing customised training solutions for the clients, these partnerships involved the provision of value-added services such as training consultancy, developing an Emergency Preparedness and Readiness plan, and coordinating industrial wellness programmes.

The local outreach and international exchange programme exemplify the enduring commitment of the Institute to contribute to the development of healthcare professionals, with the goal of improving the quality of healthcare.

> Beyond Singapore, the Raffles brand of care is now present in five countries and 13 cities in Asia.

Raffles Medical International

Strengthening Presence and Growth

Now present in six major cities in China, Raffles Medical continue to expand its services in international family medicine, specialist care (obstetrics and gynaecology, dermatology, paediatrics, ENT, ophthalmology), dentistry, health screening and mental health to allow locals, corporate clients and those who travel extensively in Asia to access the trusted Raffles Medical brand of care.

Construction of the 700-bed Raffles Hospital Chongqing and 400-bed Raffles Hospital Shanghai are progressing well. These hospitals are scheduled to be opened in the fourth quarter of 2018 and second half 2019 respectively. The Group has begun the recruitment exercise for Raffles Hospital Chongqing.

Raffles Medical Hong Kong's operations expanded with the addition of two company clinics at a leading bank in Hong Kong. It also relocated its clinic in Tai Koo Place on Hong Kong Island to Tsim Sha Tsui in Kowloon. The clinic would focus on specialist services with Dr Peter Tong, Consultant Endocrinologist and Medical Director.

In IndoChina, Raffles Medical has strengthened its operations and service levels with the recruitment of additional foreign doctors and investments in new medical equipment. It will continue to build upon the Group's core strength in corporate healthcare, offering a regional network for its clients, both onshore and offshore.

Raffles Hospital Chongqing, located at the Liangjiang New Area in Chongqing, is scheduled to open in the fourth quarter of 2018.

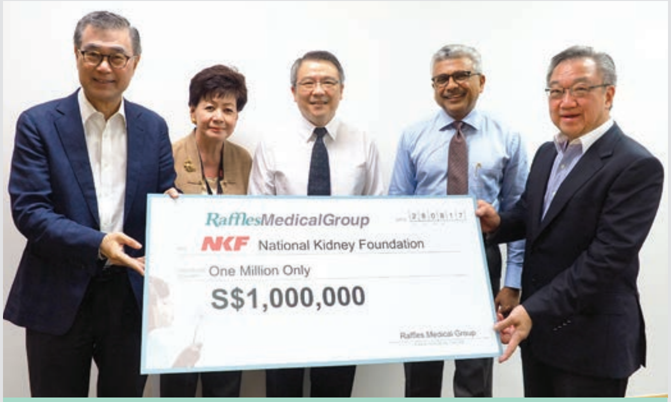
Raffles Holland V

A Holistic Lifestyle Experience

Raffles Holland V, being fully occupied, celebrated its first year anniversary in 2017. Focused on health and wellness, the mall caters to locals and expatriates living around the area with tenants such as Raffles Medical, Virgin Active, Finding's Education, DBS Bank, Taste by Swiss Butchery, Sushi Tei, Hoshino, Soup Restaurant and Da Paolo Gastronomia.

As part of the mall's efforts to add vibrancy to the shopper's experience, decorations and performances were planned during the festive seasons such as Christmas and Chinese New Year.

Caregivers and persons with dementia enjoying a sing-along session with RMG volunteers at a Memories Café outreach event.



On 28 August 2017, RMG signed a MOU with NKF to set up a Raffles-NKF Renal Wellness Centre and Raffles-NKF Peritoneal Dialysis & Wellness Centre

Sustainability Statement

At RMG, we believe that sustainability considerations support our overall vision. We are committed to managing the performance of key environmental, social and governance (ESG) factors which have the most significant implications to our business success, and where we can create positive impact.

The Board has assigned the responsibility for monitoring and overseeing the Company's sustainability efforts to the Sustainability Reporting Committee. The Committee comprises senior executives from major functions who provide the direction for reporting. It reviews, assesses and determines the sustainability context, material topics, scope, boundary, and prioritisation of issues included in the report. It takes in formal and informal feedback from both internal and external stakeholders throughout the year to determine the material issues in the report. The Committee is supported by a cross-functional team that gathers and verifies the data.

The Sustainability Reporting Committee has been involved in the determination of RMG's key ESG factors, and intends to publish a sustainability report describing the management, performance and targets in relation to these key ESG factors in 2018. This will be RMG's inaugural Sustainability Report and will be aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide. It should be read in conjunction with our Annual Report, here presented.

Corporate Social Responsibility

CHARITY AND COMMUNITY INVESTMENT

RMG strives to be a good corporate citizen and has developed various Corporate Social Responsibility (CSR) programmes over the years. One such initiative is the creation of a charity organisation, Asian Medical Foundation (AMF), in 2003. AMF was initially founded by a group of doctors and nurses from RMG. It reaches out by serving the medical and healthcare needs of the poor and the under-privileged in the Singapore community. Beyond AMF, RMG also supports various worthy causes.

Pledge of $1 million by RMG to the National Kidney Foundation

As part of the Group's 40th anniversary in 2016, RMG pledged a donation of $1 million to the National Kidney Foundation (NKF). The donation will go towards the setting up of the Raffles-NKF Renal Wellness Centre at Raffles Specialist Centre as well as a Raffles-NKF Peritoneal Dialysis & Wellness Centre at Block 109 Whampoa Road.

RMG and NKF signed the Memorandum of Understanding on the two centres on 28 August 2017. Of the pledged donation, $400,000 was disbursed in August 2017 for the Raffles-NKF Peritoneal Dialysis & Wellness Centre.

Memories Café

RMG through AMF continued to support the Alzheimer's Disease Association (ADA) for the second year through the Memories Café. Started in May 2016, this social event provides a change in environment for caregivers and persons with dementia (PWD) to share their experiences in a safe and supportive setting. In the first hour of the programme, community artists, volunteers and staff lead in activities such as sing-along sessions and musical performances. This is followed by an hour of social interaction over drinks and snacks among PWD, caregivers and customers at a café.

Our doctors provide regular medical consultation to residents from the Zion Home for the Aged.

Children of RMG employees and recipients of the RMG Bursary Award 2017 gather to pose for a photo.

Zion Home for the Aged

The Zion Home for the Aged is a shelter and home for aged females that was established in 1979 by Zion Presbyterian Church. Since June 2015, doctors and TCM physicians from RMG have visited the Zion Home for the Aged on a monthly basis to provide medical consultations, acupuncture service and advice for the residents. When necessary, elderly patients who require further specialist consultations are referred to Raffles Hospital for X-rays, laboratory tests and medication by specialist doctors at no expense.

PCF Sparklecare

RMG staff makes monthly visits to two PCF Sparklecare centres in Simei and Yew Tee. While there, they interviewed, consulted and examined the elderly dementia and stroke patients together with PCF's physiotherapists and occupational therapists to determine adjustments with their rehabilitation programmes onsite.

MINDful Healthy Eating Programme

RMG's dietitians developed a month long programme for Movement for the Intellectually Disabled of Singapore (MINDS) Woodlands. The programme aimed to equip special needs children with healthy eating knowledge as well as basic cooking skills - life skills that can benefit them.

Raffles Gives Back

Responding to call for donation of equipment and items for Zion Home for the Aged and Bethesda Care and Counselling Services Centre, the enthusiastic staff of RMG raised $8,440 under the auspice of AMF in just two days.

Health Screening

As colorectal cancer continued to be one of the leading cancers in Singapore, RMG offered free Faecal Occult Blood Test (FOBT) kits to persons aged 50 years and above in 2017. The kit could be collected from Raffles Hospital and all Raffles Medical clinics island wide. A total of 130 persons underwent the screening. Those who are found to have blood in their stools are encouraged to further do a colonoscopy or gastroscopy with packages that can be fully covered by Medisave.

In conjunction with Breast Cancer Awareness Month in October 2017, RMG offered discounted mammogram screening packages. A total of 3,392 packages were taken up between 1 October 2017 and 31 January 2018.

Community Outreach

RMG doctors and nurses regularly engage in community outreach activities such as conducting basic health screening sessions, giving health education talks and advice on healthy ageing to senior citizens and distributing masks at community centres in various parts of Singapore. Participants who attend the talks are encouraged to share their knowledge among their social circles, thereby raising the awareness of healthy ageing in the community. Some of the doctors are also involved in running clinics for foreign workers on a regular basis.

EDUCATION

Scholarship

We provide a wide range of scholarships and sponsorships for both pre-service and in-service employees. This has raised the knowledge and skill level of the workforce as a whole, leading to better patient experience and outcomes.

Since its inception in 2012, the Group's Scholarship programme has been extended to 32 students. From 2016 to 2021, another $4.2 million has been set aside for 40 additional scholarships that will be given to both local and foreign students to pursue nursing, pharmacy, diagnostic radiography, occupational therapy or business management courses.

In addition, the Group has granted scholarships and bursaries as well as invested in employees pursuing degree courses, master programmes as well as other upgrading training over the years.

Bursary Award

Introduced in 2011, the Raffles Medical Group Bursary provides financial assistance to the Group's employees for their children's education to give them a head start in their life and career. Since then, a total of 66 bursaries have been awarded, benefitting a total of 47 staff and 66 children.

Professional Governance

RafflesHospital

Medical Board

Dr Loo Choon Yong (Advisor)
Professor Walter Tan (Chairman)
Dr Alfred Loh
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Lee I Wuen
Dr Stanley Liew
A/Prof Abdul Razakjr Bin Omar
Dr Kenneth Wu

Credentialling & Privileging Committee

Dr Yang Ching Yu (Chairman)
Dr Alfred Loh
Dr Stanley Liew
A/Prof Abdul Razakjr Bin Omar
Professor Walter Tan (Ex-Officio)

Ethics Committee

Dr Lee Jong Jian (Chairman)
Professor Walter Tan
Professor Nambiar Rajmohan
A/Prof Chew Chin Hin
A/Prof Mary Rauff
Dr Alfred Loh
Dr Lee I Wuen
Reverend Dr Isaac Lim
Mr Mike Barclay
Mr Moiz Tyebally

Quality Committee

Dr Alfred Loh (Chairman)
Dr Stanley Liew (Co-Chairman)
Dr Kenneth Wu
Professor Walter Tan
Dr Yang Ching Yu
Dr Edgar Kieu
Mr Lee Meng Tuck
Ms Lilian Yew
Mr Heng Wee Khim
Ms Yee Earn Hwa
Ms Kartini Sameejan
Ms Jessica Tan
Mr Jonathan Low
Mr Clarence Tan (Secretary)

Medical Audit Committee

Dr Chan Choong Chee (Chairman)
Dr Teo Sek Khee (Co-Chairman)
Dr Ng Wai Lin
Dr Tan Mein Chuen
Dr Daryl Tan
Dr Chng Shih Kiat
Dr Chong Yong Yeow
Ms Lilian Yew
Ms Kartini Sameejan
Ms Premalatha Perumal (Secretary)

Surgical Audit Committee

Dr JJ Murugasu (Chairman)
Dr Yang Ching Yu (Co-Chairman)
Dr Lee Jong Jian
Dr Lee I Wuen
Dr Eric Teh
Dr Lim Yeow Wai
Dr Lim Kok Bin
Dr Manish Taneja
Dr Ganesan Naidu
Ms Teo Poh Lin
Dr Alfred Loh (Ex-Officio)
Professor Walter Tan (Ex-Officio)
Ms Kartini Sameejan
Ms Gamboa Maika Cortez (Secretary)

Pharmacy & Therapeutics Committee

Dr Yang Ching Yu (Chairman)
Dr Chng Shih Kiat (Co-Chairman)
Dr Kenneth Wu
Dr Lee Yian Ping
Dr Teo Sek Khee
Dr Joshua Kua
Dr Sheila Loh
Ms Ma Thein Yin
Ms Yee Earn Hwa (Secretary)

Infection Control Committee

Dr Teo Sek Khee (Chairman)
Dr Yvonne Loh (Co-Chairman)
Dr Changa Kurukularatne (Advisor)
Dr Wong Kutt Sing
Dr Lynette Ngo
Dr Edgar Kieu
Ms Ong Suat Kien
Ms Lee Lai Fun
Mr Heng Wee Khim
Ms Tee Yen Yen
Ms Jaslyn Yeo
Ms Catherine Soo
Ms Cheng Lee Hong
Mr Zulkifli Bin Ismail
Ms Michelle Chua
Ms Kartini Sameejan
Ms Danapalan Anbuselvi
Ms Cassandra Angelica R. Cuvin (Secretary)

Operating Theatre Committee

Dr Eric Teh (Chairman)
Dr Lee I Wuen (Co-Chairman)
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Stephen Lee
Dr Lim Yeow Wai
Dr David Wong
Dr Sheila Loh
Dr Lim Kok Bin
Dr Ho Kok Yuen
Ms Kartini Sameejan
Ms Teo Poh Lin
Ms Lee Lay Tin (Secretary)

Blood Transfusion & Tissue Review Committee

Dr Yvonne Loh (Chairman)
Dr Nicholas Goh (Co-Chairman)
Dr Ekachai Danpanich
Ms Sadiah Mohd Yusof
Ms Fa'eezah Bte Hamzah
Ms Sarina Bte Saleh
Ms Nurhayati Binte Mohd Dali
Ms Louisa Chew (Secretary)

Patient Case Review Committee

Dr Ng Chin (Chairman)
Dr Chong Yong Yeow (Co-Chairman)
Dr Amitabh Monga
Ms Liu Wei Wei
Mr Andrew Lum
Ms Ong Suat Kien
Mr Lim Hun Teck
Ms Fa'eezah Bte Hamzah (Secretary)

Critical Care Committee

Dr Chan Choong Chee (Chairman)
Dr Steve Yang (Co-Chairman)
Dr Teo Swee Guan
Dr Wong Kutt Sing
Dr Tan Mein Chuen
Ms Lilian Yew
Ms Mary Jane Mendoza Sangalang
Ms Tee Yen Yen (Secretary)

Transplant Committee

Dr Stanley Liew (Chairman)
Dr Ekachai Danpanich (Co-Chairman)
Dr Lim Kok Bin
Dr Wong Jen San
Dr Amitabh Monga
Dr Changa Kurukularatne
Dr Lim Yun Chin
Dr Yvonne Loh
Ms Zenia Alipoyo Pabualan
Ms Francisca Benjamin
Mr Clarence Tan
Mr Jonathan Low (Secretary)

Trauma Committee

Dr Ganesan Naidu (Chairman)
Dr Goh E-Shaun (Co-Chairman)
Dr Tan Hsiang Lung
Dr David Choy
Dr Steve Yang
Dr Wong Jen San
Ms Chee Lay Choo
Ms Kartini Sameejan
Ms Ong Suat Kien
Ms Magdalene Lee
Ms Lim Li Sar
Ms Than Sook Ling
Mr Eugene Lam (Secretary)

RafflesMedical

Medical Board

Dr Loo Choon Yong (Advisor)
Dr Wilson Wong (Chairman)
Dr Chng Shih Kiat (Co-Chairman)
Dr Alfred Loh
Dr Michael Lee
Dr Michael Wong
Dr Wong Wei Mon
Dr Chin Min Kwong
Dr Hoo Kai Meng
Dr Salleh Omar
Dr Nandha Kumar
Dr Melvyn Wong

Corporate Information

RafflesMedicalGroup

Board Of Directors

Dr Loo Choon Yong
(Executive Chairman and Non-Independent Director)

Mr Koh Poh Tiong
(Lead Independent Director)

Mr Kee Teck Koon
(Independent Director)

Mr Eric Ang Teik Lim
(Independent Director)

Dr Wee Beng Geok
(Independent Director)

Professor Lim Pin
(Independent Director)

Mr Raymond Lim Siang Keat
(Independent Director)

Mr Lim Beng Chee
(Independent Director)

Mr Tan Soo Nan
(Non-Independent Director)

Mr Olivier Lim Tse Ghow
(Non-Independent Director)

Dr Sarah Lu Qinghui
(Non-Independent Director)

Audit & Risk Committee

Mr Kee Teck Koon
(Chairman)

Mr Koh Poh Tiong

Mr Raymond Lim Siang Keat

Nomination & Compensation Committee

Mr Eric Ang Teik Lim
(Chairman)

Mr Koh Poh Tiong

Dr Wee Beng Geok

Professor Lim Pin

Registered Office

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Tel: 6311 1111
Fax: 6338 1318
Email: enquiries@raffleshospital.com

Company Secretary

Mrs Kimmy Goh

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge: Mr Lau Kam Yuen
Year of Appointment: 2014

Principal Bankers

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

RafflesHealthInsurance

Board Of Directors

Dr Loo Choon Yong
(Chairman)

Mr Charles Maurice Octave Pierron
(Independent Director)

Mr Benny Lim Siang Hoe
(Independent Director)

Mr Tan Soo Nan
(Executive and Non-Independent Director)

Mr Edmund Koh Kian Chew
(Non-Executive and Non-Independent Director)

Mr N Ganesan
(Non-Executive and Non-Independent Director)

Company Secretary

Mrs Kimmy Goh

Auditors

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge: Mr Lau Kam Yuen
Year of Appointment: 2014

Principal Bankers

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Corporate Governance Statement

The Directors and Management of Raffles Medical Group (RMG) are committed to high standards of corporate governance to ensure greater transparency and protection of shareholders' interest. Together with the increasing emphasis on risk governance and heightened risks as well as greater complexity in the business and economic environment, the duties and responsibilities of the Audit & Risk Committee have been expanded to assist the Board in overseeing the governance of risk in the Group's business.

This statement outlines the main corporate governance policies and practices for RMG during the financial year with specific reference to the Code of Corporate Governance 2012 (the Code or CCG 2012). Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and the Guide.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary role of the RMG Board of Directors (the Board) is to protect and enhance the long-term value of its shares for all the shareholders. The Board currently holds four scheduled meetings each year. In addition, the Board also meets to discuss strategy and holds meetings at such other times as may be necessary to address any specific significant matters that may arise. The Company's Constitution also provides for telephonic and video conference meetings to facilitate meetings among the Directors. We have disclosed the attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in this Report.

All directors exercise due diligence and independent judgement in dealing with the business affairs of the Company and are obliged to act in good faith and to take objective decisions in the interest of the Company. The Board is accountable to shareholders and responsible for the long-term success of the RMG and its subsidiaries (the Group). The primary function of the Board is to:

(a) provide entrepreneurial leadership, guide the formulation of the Group's overall long-term strategic plans and performance objectives, ensure adequate financial and human resources are in place for the Group to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) monitor the performance of the management;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

(e) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met; and

(f) consider sustainability issues such as environmental and social factors as part of its strategic formulation.

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of RMG. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest, in relation to any matter, he/she should immediately declare his/her interest at a meeting of the Directors or send a notice to the Company containing details of his/her interest and the conflict, and recuse himself/herself from participating in any discussion and decision on the matter. Matters that require the Board's approval in line with guidelines set forth by the Board are:

(a) The approval of quarterly results announcements;

(b) The approval of the annual accounts;

Corporate Governance Statement

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

(c) The declaration of interim dividends and proposal of final dividends;

(d) Convening of Shareholders' Meetings;

(e) The approval of corporate strategy and direction of the Group;

(f) Material acquisitions or disposals;

(g) Major capital expenditures;

(h) Succession plans, including appointment and compensation for Directors;

(i) The approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and

(j) The appointment of new Directors.

All other matters are delegated to Committees whose actions are reported to and monitored by the Board.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Committees, each of which has its own Terms of Reference:

(a) Nomination & Compensation Committee (NCC); and

(b) Audit & Risk Committee (ARC).

INDUCTION AND TRAINING OF DIRECTORS

There is an induction for incoming Directors joining the Board in the discharge of their duties and to introduce the Group's business and governance practices and arrangements, amongst others. Upon appointment, a new Director receives a formal letter on the director's duties, responsibilities and disclosure obligations as a Director. As part of the induction programme, the new Director gains an understanding of the Group's management, business and governance practices through induction briefings by members of Senior Management of the Group's various businesses and support functions. The Group will also arrange for the new director to attend training in areas such as accounting, legal as appropriate.

Any regulatory changes with a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary also briefs the Directors on key regulatory changes, while KPMG LLP, the Company's external auditors (the External Auditors) briefed the ARC on key amendments to the accounting standards.

The Directors are advised and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors (SID) and those courses which SID offer in partnership with the Accounting and Corporate Regulatory Authority, Institute of Singapore Chartered Accountants and Singapore Management University. The Company is responsible for arranging and funding the training of directors. The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate and risk governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry–related matters, so as to update and refresh them on matters that may affect or enhance their performance as board or board committee members. Directors may at any time request for further explanation, briefing or informal discussion on any aspects related to the Group's operations.

If a director were unable to attend a board or board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman or board committee Chairman of his or her views and comments on the matters to be discussed, so that they may be conveyed to other members at the meeting.

Corporate Governance Statement

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

ATTENDANCE AT MEETINGS

The table below sets out the attendance at meetings convened during the course of the financial year:

Directors' Details

Name of Director	Independent (I)/ Non-Independent (NI)	Executive (E)/ Non-Executive (NE)	Assessment of Directors' Independence Status	Meeting Attendance Report ● Chair of the Committee ○ Member of the Committee			
			Independence status under the CCG 2012	AGM	Board	ARC	NCC
Dr Loo Choon Yong	NI	E	No	● 1/1	● 4/4	–	–
Mr Koh Poh Tiong	I	NE	Yes	○ 1/1	○ 3/4	○ 3/4	○ 2/2
Mr Kee Teck Koon	I	NE	Yes	○ 1/1	○ 4/4	● 4/4	–
Mr Eric Ang Teik Lim [1]	I	NE	Yes	○ 1/1	○ 4/4	○ 2/2	● 2/2
Dr Wee Beng Geok [2]	I	NE	Yes	○ 1/1	○ 4/4	–	○ 2/2
Professor Lim Pin	I	NE	Yes	○ 1/1	○ 4/4	–	○ 1/2
Mr Raymond Lim Siang Keat	I	NE	Yes	○ 1/1	○ 4/4	○ 4/4	–
Mr Lim Beng Chee	I	NE	Yes	○ 1/1	○ 4/4	–	–
Mr Tan Soo Nan	NI	E	No	○ 1/1	○ 4/4	–	–
Mr Olivier Lim Tse Ghow	NI	NE	Yes	○ 1/1	○ 4/4	–	–

Notes:

[1] *Mr Eric Ang Teik Lim was appointed as the Chairman of the NCC with effect from 25 April 2017. Mr Ang ceased to be a Member of the ARC with effect from 25 April 2017.*

[2] *Dr Wee Beng Geok ceased to be the Chairman of NCC with effect from 25 April 2017.*

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The names of the Directors of the Company in office as at the date of this Report are set out on page 36.

Corporate Governance Statement

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (CONT'D)

As at the date of this Report, the Board comprises eleven suitably qualified members:

Name of Director	Date of First Appointment	Nature of Appointment	Date of Last Re-election as Director	Position Held on the Board	Other Functions
Dr Loo Choon Yong	16/05/1989	Executive and Non-Independent	19/04/2017	Chairman	Nil
Mr Koh Poh Tiong	03/10/2011	Non-Executive and Independent	19/04/2017	Lead Independent Director	Members of ARC and NCC
Mr Kee Teck Koon	03/01/2012	Non-Executive and Independent	19/04/2017	Director	Chairman of ARC
Mr Eric Ang Teik Lim (1)	24/04/2015	Non-Executive and Independent	20/04/2016	Director	Chairman of NCC
Dr Wee Beng Geok (2)	27/11/2000	Non-Executive and Independent	20/04/2016	Director	Member of NCC
Professor Lim Pin	19/02/2001	Non-Executive and Independent	20/04/2016	Director	Member of NCC
Mr Raymond Lim Siang Keat	25/04/2013	Non-Executive and Independent	19/04/2017	Director	Member of ARC
Mr Lim Beng Chee	23/07/2015	Non-Executive and Independent	20/04/2016	Director	Nil
Mr Tan Soo Nan	28/07/2000	Executive and Non-Independent	23/04/2015	Director	Nil
Mr Olivier Lim Tse Ghow	01/10/2014	Non-Executive and Non-Independent	23/04/2015	Director	Nil
Dr Sarah Lu Qinghui (3)	20/02/2018	Non-Executive and Non-Independent	–	Director	Nil

Notes:

(1) *Mr Eric Ang Teik Lim was appointed as the Chairman of the NCC with effect from 25 April 2017. Mr Ang ceased to be a Member of the ARC with effect from 25 April 2017.*

(2) *Dr Wee Beng Geok ceased to be the Chairman of NCC with effect from 25 April 2017.*

(3) *Dr Sarah Lu Qinghui was appointed as Non-Executive and Non-Independent Director on 20 February 2018. Dr Lu is the daughter of Dr Loo Choon Yong, Executive Chairman of the Company.*

Particulars of the interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

INDEPENDENT MEMBERS OF THE BOARD

The Nomination & Compensation Committee (NCC) is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. The Board conducts the review annually and requires each Non-Executive Director to confirm, on an annual basis, that there are no material relationships which would render him or her non-independent. The confirmations are reviewed by the NCC during which the NCC also considers their respective independent contributions at Board meetings. Thereafter, the matter is presented to the Board for it to make a determination taking into account the views of the NCC.

Corporate Governance Statement

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (CONT'D)

INDEPENDENT MEMBERS OF THE BOARD (CONT'D)

The Board concurred with the views of the NCC that all the Independent Directors of the Company are considered "Independent" as they have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the business judgement for the best interests of the Group as a whole. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in the Code that would otherwise deem him/her not to be independent.

The Board also considered whether Mr Koh Poh Tiong, Mr Kee Teck Koon, Mr Eric Ang Teik Lim, Dr Wee Beng Geok, Professor Lim Pin, Mr Raymond Lim Siang Keat and Mr Lim Beng Chee had demonstrated independence of character and judgement in the discharge of his or her responsibilities as Directors of the Company in the year 2017, and is satisfied that each of them had acted with independent judgement. Each of them had also recused himself or herself from participating in any Board deliberation on any transactions that could potentially have given rise to a conflict of interest. The Board therefore considers that the relationships and circumstances set out above did not impair their independence and objectivity.

The Board is of the firm view that Dr Wee and Professor Lim have contributed effectively by providing impartial and autonomous views, advice and judgement, and in the manner in which they discharge their responsibilities as Directors. These Directors have also demonstrated objectivity in character and judgement in the discharge of their duties as Directors of the Company. Despite the length of tenure, the Board is thus satisfied that both Dr Wee and Professor Lim are considered independent. Their roles are non-executive in nature and they are also not involved in the day-to-day business and operations of the Group. Over time, they have also developed independent and invaluable insights into the Group's Management. The leadership qualities as well as deep knowledge remain important for the Group and the Company. In addition, there is no association with Management that could compromise their independence, and that therefore, Dr Wee and Professor Lim remain independent.

On the basis of the declarations of independence provided by the Directors and the guidance in the Code, the Board has determined that Dr Loo Choon Yong, Mr Tan Soo Nan, Mr Olivier Lim Tse Ghow and Dr Sarah Lu Qinghui, are the Non-Independent Directors of the Company.

The Board considers its Non-Executive Directors to be of sufficient calibre and number. Their views are of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Non-Executive Directors have no financial or contractual interests in the Group other than by way of their fees, shareholdings and participation in the Employees' Share Option Schemes of the Company as set out in the Directors' Statement.

As Non-Executive members of the Board, the Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined by taking into account the long-term interests, not only from the perspective of all shareholders, but also other stakeholders in which the Group conducts its business. In addition, the Non-Executive Directors also review and monitor the performance of Management in meeting goals and objectives.

The Board and the NCC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations. The Board and NCC take into account, inter alia, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate. The Board and NCC are satisfied that the current Board's size and composition are appropriate for the Group to facilitate independent and effective decision making.

The Board composition reflects diversity of skills, experience, gender and knowledge of the Group. Such diversity will provide a wider range of perspectives, skills and experience, which will allow Board members to better identify possible risks, raise challenging questions and contribute to problem-solving. This will, in turn, enable the Board to better guide and advise Management from this broader perspective and contribute to more effective decision-making to assist the Group in achieving its strategic objectives. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Corporate Governance Statement

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (CONT'D)

INDEPENDENT MEMBERS OF THE BOARD (CONT'D)

In this respect, the NCC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying suitable candidates for a new appointment to the Board, would ensure that female candidates are included for consideration. Having said that, gender is but one aspect of diversity and new directors will continue to be selected based on objective criteria set as part of the process for appointment of new directors and Board succession planning. In 2017, there was one female director out of a total of ten directors.

The Board has carried out the assessment of each of its Directors for the year 2017 and the paragraphs below set out the outcome of the assessment.

Mr Koh Poh Tiong is a Non-Executive and Non-Independent Director of Fraser & Neave Limited, a Non-Executive and Independent Director of SATS Ltd, Delfi Limited, as well as Chairman of Bukit Sembawang Estates Limited, Times Publishing Limited and Yunnan Yulinquan Liquor Co Ltd. Mr Koh's roles in all the appointments are non-executive in nature and he is not involved in the business operations of the companies. Mr Koh is also an Independent Director of Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad. Mr Koh is a Non-Executive and Non-Independent Director and Advisor of Fraser and Neave Limited. Mr Koh is considered independent of management and business relationships with the Company.

Mr Kee Teck Koon is a Non-Executive Director of CapitaLand Limited and NTUC Income Insurance Co-operative Limited, Mandai Safari Park Holdings Pte Ltd and Lien Foundation and Non-Executive Chairman of Changi Airports International Pte. Ltd. Mr Kee's roles in all the above appointments are non-executive in nature and he is not involved in the day-to-day conduct of business of the companies. Mr Kee is also appointed as Executive Director of NTUC Enterprise Co-operative Limited. Mr Kee is considered independent of management and business relationships with the Company.

Mr Eric Ang Teik Lim is appointed as Senior Executive Advisor by DBS Bank Ltd (DBS) which provides banking services to the Group. The Board considers that the transactions with DBS were carried out in the ordinary course of business, on normal commercial terms and at arm's length basis. In addition, the services were not material in the context of all the services that the Group received from its banks in 2017 and the payments made to DBS were also not material relative to the revenue of DBS in 2017.

Mr Ang is also appointed as Non-Executive and Independent Director of Sembcorp Marine Ltd, a Director of Changi Airport Group (Singapore) Pte Ltd, Surbana Jurong Private Limited, DBS Foundation Ltd, NetLink NBN Management Pte Ltd, Co-Chairman of the SGX Disciplinary Committee and a Vice-Chairman of Community Chest. These roles are non-executive and advisory in nature, do not pose any conflict of interest for Mr Ang, and he is not involved in the day-to-day conduct of the business of the companies. Mr Ang is considered independent of management and business relationships with the Company.

Mr Raymond Lim Siang Keat is a Non-Executive and Independent Director of Hong Leong Finance Limited and Non-Executive Director of Swire Properties Limited. Mr Lim's role in these appointments are non-executive in nature, and he is not involved in the business operations of the companies. Mr Lim is also appointed as the Executive Chairman of APS Asset Management Pte Ltd and a Senior Advisor of John Swire & Sons (Hong Kong) Ltd. Mr Lim is considered independent of management and business relationships with the Company.

Mr Lim Beng Chee is appointed as a Non-Executive Director of WIND Group Pte Ltd and SCPG Holdings Co Ltd. Mr Lim's roles in all the appointments are non-executive in nature and he is not involved in the day to day conduct of business of the companies. Mr Lim is also appointed as Chief Executive Officer and Executive Director of Shangri-La Asia Limited. Mr Lim is considered independent of management and business relationships with the Company.

Dr Wee Beng Geok and Professor Lim Pin have served for a continuous period of more than 9 years. In compliance with the guidelines, the independence of the two Directors has been subjected to rigorous review by the Board, which included a self-assessment by Dr Wee and Professor Lim, and a substantive assessment by the NCC. Among other things, the NCC takes into account whether a Director's long term relationship with Management could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement with a view to the best interests of the Company. Both Dr Wee and Professor Lim are considered independent of management and business relationships with the Company.

Corporate Governance Statement

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN)

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The Executive Chairman is Dr Loo Choon Yong, who is responsible for the oversight of the day-to-day operations of the Group and concurrently exercises control over the quality, quantity and timeliness of information flow between Management and the Board. The Executive Chairman leads the Board to ensure its effectiveness on all aspects of its role by encouraging constructive relations, setting the agenda and ensuring that adequate time are available for the discussion of all items, promoting a culture of openness and debate at the Board, ensuring that the Directors receive complete, adequate and timely information, ensuring effective communication with shareholders and facilitating the effective contribution of the non-executive Independent Directors as well as promoting high standards of corporate governance.

The Company does not have a separate Chief Executive Officer. Although it is a deviation from the Code which provides that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business, the Board considers the current leadership structure to be optimal.

The Board is of the opinion that it is able to benefit from an active Chairman who is knowledgeable about the business of the Company, and is thereby better able to guide discussions. He is capable of ensuring that the Board is properly briefed in a timely manner on pertinent issues and developments. The Board obtains the independent views from its Independent Directors. The Chairman leads the evaluation of the Senior Management performance and works with the Senior Management in overseeing talent management to ensure that robust succession plans are in place for the senior leadership team. The Chairman establishes the boundaries of risk undertaken by the Group and ensure that governance systems and processes are in place and regularly evaluated.

All major decisions made by the Executive Chairman are reviewed by the Board. His performance and remuneration are reviewed periodically by the NCC. The Board believes that there are adequate safeguards in place against having a centralisation of power and authority in a single individual. These safeguards include the appointment of a Lead Independent Director, having Independent Directors formed the majority of the Board and the NCC being composed of only Independent Directors.

Additionally, the General Managers of each business unit are also responsible for the execution of the Group's strategies and policies. They are also accountable to the Board for the conduct and performance of their respective business operations.

LEAD INDEPENDENT DIRECTOR

Mr Koh Poh Tiong was appointed by the Board as the Lead Independent Director since 2 January 2014. The function of the Lead Independent Director is to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity, and to assist the Executive Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company.

The role of the Lead Independent Director includes meeting with the Non-Executive Directors without the Executive Chairman present to appraise the Executive Chairman's performance and on such other occasions as are deemed appropriate. He would be available to shareholders who have concerns on matters, for which contact through the normal channels of the Executive Chairman, the Chief Financial Officer (CFO) or the Group Financial Controller (GFC) have failed to resolve the issues or for which such contact is inappropriate. He would provide feedback to the Executive Chairman after such meetings.

Corporate Governance Statement

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Company has established a NCC to, among other things, make recommendations to the Board on all Board appointments, re-appointments and oversee the Board and key management personnel's succession and leadership development plans.

The key memberships and responsibilities of the NCC are set out on pages 42 to 44.

Process for selection and appointment of new directors

The NCC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NCC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as the new Director. The NCC seeks potential candidates widely and beyond Directors/Management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

Criteria for Appointment of New Directors

All new appointments are subject to the recommendation of the NCC based on the following objective criteria:

(1) Integrity

(2) Character, business experience and acumen

(3) Diversity – Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing Directors on the Board

(4) Able to commit time and effort to carry out duties and responsibilities effectively

(5) Track record of making good decisions

(6) Experience in high-performing companies

Re-nomination and Re-appointment of Directors

The NCC is also charged with the responsibility of re-appointment having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour).

All Directors, including the Chairman and Chief Executive Officer, submit themselves for re-appointment at regular intervals of at least once every three years. In accordance with the Company's Constitution, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation at every annual general meeting of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next annual general meeting. A retiring Director shall be eligible for re-election. In appointing and recommending the re-election of Directors, the Board considers the range of skills and experience required in light of:

(a) The geographical spread and diversity of the Group's businesses;

(b) The strategic direction and progress of the Group;

(c) The current composition of the Board; and

(d) The need for independence.

Corporate Governance Statement

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

Multiple Board Representation

Where a Director has multiple Board representations, the NCC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

The NCC takes into account, among other things, in its annual review of each Director's ability to commit time to the affairs of the Company, the attendance records of the Directors at meetings of the Board and Board Committee, the competing time commitments faced by any such individual with multiple board memberships as well as their principal commitments.

The NCC is satisfied that each of the Directors is able to devote adequate time to carry out his duties as Director. The Board has considered, and set as a guide that Directors should not be represented on more than six boards listed on any Exchange (excluding nominee directorship of listed companies for which the Director is an employee). The Board believes that the capacity of each Director in regards to the number of listed company directorships is specific to his circumstance. The directorships commitments of each Director for the current and preceding three financial years are listed in the Annual Report. The Company does not have any alternate directors on its Board.

Key information regarding the Directors is set out on pages 8 to 13, 36, 60 to 62 of the Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NCC reviews the Board's performance on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has implemented a process for assessing the effectiveness of the Board as a whole, its Board Committees and for assessing the contribution by the Directors to the effectiveness of the Board. This process includes having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretary, compiles the Directors' responses to the Questionnaire into a consolidated report. The report is reviewed by the NCC and also shared with the entire Board.

During the year 2017, the Questionnaire on the performance of the Board and Board Committees was reviewed based on best practices on board evaluation and revised to take into consideration key issues and areas the Board wanted to focus on. The Questionnaire was completed by Directors, and reviewed by the NCC and then the Board. The NCC assessed the performance of the Board as a whole, taking into account the Board's composition and size, access to information, processes, accountability, standard of conduct and performance of the principal functions and fiduciary duties, and guidance to and communication with the Management.

Informal reviews of the Board's collective performance are conducted on a regular basis by the NCC with inputs from the other Directors and the Executive Chairman. At this stage, the Board considers it more appropriate to focus on the Board performance collectively in its appraisal process.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board Meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities.

Corporate Governance Statement

PRINCIPLE 6: ACCESS TO INFORMATION (CONT'D)

The Board meets regularly at Board meetings. At each Board meeting, the General Managers of each division will provide updates on the Group's business and operations, CFO and GFC will also present the financial performance. Presentations in relation to specific business areas are also made by General Managers and external consultants or experts, if required. This allows the Board to develop a good understanding of the progress of the Group's business as well as the issues and challenges facing the Group, and also promotes active engagement with the key executives of the Group.

The Management provides the Board with quarterly financial and related reports as well as quarterly summary data comparing key financial metrics relative to the budget and results from prior periods. In respect of budgets and financial results, any material variance between the projections and actual results are disclosed and explained.

All Directors have unrestricted access to the Company's records and information and receive financial and related reports from Management. Directors also liaise with Management as required and may consult with other employees in order to seek additional information when needed.

In addition, the Directors have separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary is responsible to the Board for ensuring that the established procedures and relevant statutes and regulations have been complied with. The Company Secretary attends all the Board Meetings held and her appointment and removal is subject to the Board's approval.

Each and every Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in order to fulfil their duties and responsibilities as Directors.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages for individual Directors. No Director should be involved in deciding his own remuneration.

Matters concerning remuneration and compensation packages for Senior Management and the Executive Chairman are determined and reviewed by the NCC giving due regard to the financial and commercial health and business needs of the Group. The NCC is fully made up of Independent and Non-Executive Directors. The independence of the NCC is further enhanced by having the Lead Independent Director as one of the members of the NCC. No Director is involved in deciding his own remuneration.

NOMINATION & COMPENSATION COMMITTEE

The Company has adopted the functions of the nominating and remuneration committees to be performed by the NCC as a single Board Committee. The scope and responsibilities of the NCC are set out in the terms of reference approved by the Board which include the following:

(a) Make recommendations to the Board for approval on matters relating to the:

- *(i) Review of the Board's succession plans for Directors, including the Executive Chairman and the Chief Executive Officer;*
- *(ii) Development of a process for evaluation of the performance of the Board, its Board Committee and Directors;*
- *(iii) Review of training and professional development programmes for the Directors;*
- *(iv) Recommendation on the appointment and re-appointment of Directors; and*
- *(v) Determination of a framework or broad policy for the remuneration of the Directors.*

(b) Review the structure, size and composition (including skills, qualification, experience and diversity) of the Board and Board Committees, recommend changes, if any, to the Board.

Corporate Governance Statement

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)

NOMINATION & COMPENSATION COMMITTEE (CONT'D)

(c) Recommendation of membership of Board Committees to the Board.

(d) Review the independent status of Non-Executive Directors and the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest.

(e) Recommendation to the Board for removal and re-appointment of Non-Executive Director at the end of his term if the appointment is subject to tenure. It may also make recommendations for the re-election of Directors under the provisions of the Company's Constitution on the policy on retirement by rotation. In making these recommendations, the NCC should consider the Director's performance, commitment and his ability to continue contributing to the Board.

(f) Keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates.

(g) Assist the Board with responsibilities with regard to remuneration and talent management:

(i) Take into account all relevant legal and regulatory requirements, including the principles and guidelines of the Code, when determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure the policies are aligned to long-term goals;

(ii) Set the remuneration framework for Directors (both Executive and Non-Executive Directors), CEO and Key Management Personnels. No Director or manager shall be involved in any decisions as to their own remuneration. The Board should recommend Non-Executive Directors' fees for shareholders' approval;

(iii) Review the ongoing appropriateness and relevance of the Company's remuneration policy;

(iv) Obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;

(v) Oversee any major changes in employee benefits or remuneration structures;

(vi) Review the design of all long-term and short-term incentive plans for approval by the Board and shareholders;

(vii) When required, review the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;

(viii) Oversee and collaborate with Executive Directors on the talent management and succession planning matters for executives; and

(ix) Work and liaise, as necessary with all other Board Committees on any other matter connected with remuneration.

(h) Review the design of all Employee Share Option Schemes approved by the Board and the shareholders. For any such schemes, it shall determine each year, whether awards will be made, and if so, the overall amount of such awards, the individual awards to eligible persons and the performance targets to be used.

(i) Empowered to delegate to Executive Chairman or Company Secretary to approve and release such announcements in relation to the administration of the Employee Share Option Schemes that are required for the compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual.

Corporate Governance Statement

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)

NOMINATION & COMPENSATION COMMITTEE (CONT'D)

The Chairman of the NCC is Independent Director, Mr Eric Ang Teik Lim. The other members are Lead Independent Director, Mr Koh Poh Tiong, Independent Directors, Professor Lim Pin and Dr Wee Beng Geok, all having managed large organisations and Professor Lim Pin, having been the past Chairman of the National Wages Council, are all knowledgeable and experienced in the field of executive compensation.

The NCC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate. By drawing on a pool of independent consultants for diversified views and specific expertise, the NCC ensures that existing relationship, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate Senior Management and Directors. Remuneration packages are based on the performance of the Group as well as the individual. In determining the remuneration packages, the NCC takes into consideration industry practices and norms in compensation. The Directors and Senior Management are eligible for share options under the RMG (2010) Share Option Scheme.

The NCC determines and reviews the remuneration packages for the Executive Chairman and Senior Management based on the Group's remuneration policy. The NCC consists fully of Independent Directors. The objectivity of the NCC is further enhanced by the inclusion of the Lead Independent Director as a key member of the committee. Through the use of contractual provisions, the Group may exercise its discretion, to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The NCC reviews and makes recommendations to the Board in relation to Directors' fees. The Directors' fees to be paid to the Directors are recommended for shareholders' approval annually. The fees are structured on the basis that Directors with additional duties as members or Chairmen of Board Committees would receive a higher portion of the total fees.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The Group adopts a performance-based remuneration framework that is linked to its growth and profitability. The level and mix of remuneration awarded to the Management and Directors are flexible and responsive to the market conditions. It also takes into account the performance of the individual as well as the performance of the business units within the Group.

Corporate Governance Statement

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

Details of Directors' remuneration for the year ended 31 December 2017 are set out below:

Remuneration Band	Number of Directors	
	2017 (2)	2016 (1)
$500,000 and above	1	1
$250,000 and below $500,000	1	1
Below $250,000	8	8
	10	10

Notes:

(1) *Includes Director's remuneration paid to Mr Eric Ang Teik Lim, who was appointed as Chairman of the Nomination and Compensation Committee on 25 April 2017.*

(2) *Dr Sarah Lu Qinghui was appointed to the Board on 20 February 2018.*

Whilst the Code recommends that the Company fully disclose the remuneration of each individual Director and the Chief Executive Officer on a named basis, the Company has, given the sensitivity of remuneration matters, opted not to disclose the total remuneration of each individual Director in dollar terms to maintain confidentiality of the remuneration packages of these Directors. For the same reasons, the Company also does not provide an upper limit to the remuneration band of "$500,000 and above".

A summary of the compensation for each individual Director for the year ended 31 December 2017 is as follows:

Name of Director	Salary (1) %	Bonus (2) %	Director's Fees %	Share Options Grant %	Total Compensation %
$500,000 and above					
Dr Loo Choon Yong *Executive Chairman and Non-Independent*	7	93	–	–	100
$250,000 and below $500,000					
Mr Tan Soo Nan *Executive and Non-Independent*	65	14	10	11	100
Below $250,000					
Mr Koh Poh Tiong *Non-Executive and Independent*	–	–	67	33	100
Mr Kee Teck Koon *Non-Executive and Independent*	–	–	64	36	100
Mr Eric Ang Teik Lim *Non-Executive and Independent*	–	–	100	-	100
Dr Wee Beng Geok *Non-Executive and Independent*	–	–	61	39	100
Professor Lim Pin *Non-Executive and Independent*	–	–	65	35	100
Mr Raymond Lim Siang Keat *Non-Executive and Independent*	–	–	65	35	100
Mr Lim Beng Chee *Non-Executive and Independent*	–	–	76	24	100
Mr Olivier Lim Tse Ghow *Non-Executive and Non-Independent*	–	–	65	35	100

Notes:

(1) *The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.*

(2) *The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.*

Corporate Governance Statement

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

KEY EXECUTIVES' REMUNERATION

The Group's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel (KMPs) to achieve the Company's business vision and create sustainable value for its stakeholders.

The remuneration policy adopted by the Group comprises a fixed component, monthly variable component and a performance related variable component. The fixed and monthly variable component is in the form of a base salary, fixed allowances and compulsory employer contributions to an employee's Central Provident Fund. The performance related variable component is in the form of bonus and awards under the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) and depends on the relative performance of the Group, business units and the performance of each individual Executive Director and KMPs, allowing for the alignment of their interests with that of Shareholders. Key information on the RMG 2010 Scheme is set out on Pages 64 to 67 of the Annual Report.

The Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent and the individual responsibilities of the respective Directors. The Directors' fees are recommended by the NCC and endorsed by the Board for approval of Shareholders of the Company at the AGM. Each member of NCC abstains from making a recommendation of his/her remuneration.

The Code requires the remuneration of at least the top five key executives, who are not in the capacity of a Director or the Chief Executive Officer within bands of $250,000, to be disclosed. However, due to commercial sensitivities, the Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interest and long-term performance of the Group, especially in a highly competitive industry.

The Company had also not disclosed the total remuneration paid to its top five key executives (who are not Directors or the Chief Executive Officer) on a named basis or in aggregate, having regard to the sensitive and confidential nature of key executives' remuneration matters and to ensure the Company's competitive advantage in the retention of its key executives.

During the financial year under review, there are no employees in the Group who are the immediate family members of a Director or the Chief Executive Officer.

PRINCIPLE 10: ACCOUNTABILITY

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards. In presenting its quarterly and full year financial results to shareholders, the Board aims to provide to the shareholders a balanced and comprehensive assessment of the Group's performance, position and prospects.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements, announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The Company also keeps its shareholders, stakeholders and analysts informed of the performance and changes in the Group or its business which would likely to materially affect the price or value of the Company's securities on a timely and consistent basis, so as to assist shareholders and investors in their investment decision.

The Group, where appropriate, has taken adequate steps to ensure that the Company complies with its disclosure obligations under the listing manual. By fulfilling the statutory reporting requirements, the Group hopes to maintain shareholders' confidence and trust the capability and integrity of the Company.

Corporate Governance Statement

PRINCIPLE 10: ACCOUNTABILITY (CONT'D)

As has been introduced earlier, the NCC and the ARC have been delegated specific functions to assist the Board in the execution of its duties.

NOMINATION & COMPENSATION COMMITTEE

The composition of the NCC and its delegated duties are set out in the section under Principle 7 of this Statement.

AUDIT & RISK COMMITTEE

The composition of the ARC and its delegated duties are set out in the sections under Principles 11 to 13 of this Statement.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Directors recognise that they have the overall responsibility to ensure accurate financial reporting and adequate system of internal controls for the Group, including financial, operational, compliance, information technology controls and risk management policies and systems. This responsibility has been delegated to the ARC whose terms of reference also include the following function:

Oversee Risk Management and Internal Controls (in relation to Financial, Operational, Compliance and Information Technology Controls)

(i) Review the Group's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(ii) Review the Group's risk profile / risk dashboard on a regular basis to understand the significant risks facing the Group and how they are being mitigated;

(iii) At least annually, review the adequacy and effectiveness of the risk management and internal control systems with respect to financial, operational, compliance and information technology controls. This may include reviewing Management and / or assurance provider reports to highlight significant findings and recommendations, inclusive of Management's responses;

(iv) Review the assurance provided by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) / Group Financial Controller (GFC) regarding the effectiveness of risk management and internal controls;

(v) Review report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;

(vi) Review disclosures in the Annual Report relating to the adequacy and effectiveness of the risk management and internal control systems; and

(vii) Review the Group's procedures for detecting fraud and whistle-blowing, and ensure that arrangements are in place by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

Corporate Governance Statement

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

The Group has adopted an entity-wide risk assessment framework to enhance its risk management capabilities. The framework provides a holistic overview of the Group's risk profile by identifying key risks, control measures, risk tolerance, risk ownership and assurance on residual risk. At least annually, the framework are reviewed by the ARC and approved by the Board. This allows the Group to address the ongoing changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. Key risks, control measures and management actions are identified by Management and reviewed annually by the ARC. The Board, through the ARC and Management continues to improve and enhance the risk assessment framework.

The Board also reviews the Group's business and operational activities to identify areas of significant business risks as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas of the Group such as financial, operational, compliance and information technology risks based on the feedback of the Internal Auditors and External Auditors.

The Board, together with ARC, also oversees the Management in implementing the risk management and internal control systems and are responsible for governance of risk management and determining the Group's levels of risk tolerance and risk policies. There are also consultations with the external auditors and internal auditors to determine the risk tolerance level and corresponding risk policies.

The Group has compiled a report on its risk profile which summarises the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the ARC and the Board annually. The report provides an overview of the Group's key risks, the appropriate risk tolerance limits set for the respective risks, the key personnel responsible for each identified risk type and the various mechanisms in place. It allows the Group to address the ongoing changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. On an annual basis, the internal audit function prepares the internal audit plan taking into consideration the risks identified which is approved by the ARC.

During the financial year under review, the ARC had reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls systems. Any material, non-compliance or lapses in internal controls, together with recommendation for improvement to the ARC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses in financial reporting identified in the course of the statutory audit, if any, are highlighted by the external auditors to the ARC.

Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the Board, with the concurrence of the ARC, is of the opinion that the Group has adequate and effective risk management systems and internal controls in place to mitigate critical and significant risks in the following areas: Financial, Operational, Compliance and Information Technology Risks.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that the financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Directors have also received assurance from the Executive Chairman, CFO and the GFC that the Group's financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances, as well as the effectiveness of the Group's risk management and internal controls systems.

Corporate Governance Statement

PRINCIPLE 12: AUDIT COMMITTEE

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARC is chaired by Mr Kee Teck Koon and comprises Mr Koh Poh Tiong, the Lead Independent Director and Mr Raymond Lim Siang Keat. All members of the ARC are Non-Executive and Independent Directors. All the ARC members are actively involved in various other commercial organisations, and have invaluable and recent related financial management experience to discharge ARC's functions. None of the ARC members were previously partners or Directors of the external auditors, KPMG LLP, within the previous 12 months nor does any of the ARC members hold any financial interest in KPMG LLP.

The ARC members meet the Group's internal and external auditors, without the presence of Management, once a year to review accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The ARC also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the ARC also advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Specifically, the responsibilities of the ARC include:

(a) Oversee Financial Reporting

(i) Monitor the integrity of the financial information provided by the Group, in particular by reviewing the relevance and consistency of the accounting standards used by the subsidiaries and the Group;

(ii) Assess, and challenge, where necessary, the accuracy, completeness, and consistency of financial information before submitting to the Board for approval or made public; and

(iii) Review the assurance provided by the CEO and CFO / GFC regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances.

(b) Oversee External Audit

(i) Oversee the Group's relations with the external auditor(s);

(ii) Review the performance of the external auditor(s), to facilitate the selection, appointment, re-appointment, and resignation;

(iii) Monitor and assess annually the external auditor(s)' independence or objectivity is not impaired;

(iv) Review the audit representation letter and the external auditor(s)' Management letter to assess whether it is based on a good understanding of the Group's business, and monitor the responsiveness of Management to the recommendations made;

(v) Establish meetings whenever deemed necessary with the external auditor(s) to discuss matters that the Committee or auditors believe should be discussed privately; and

(vi) Ensure that the external auditor(s) have direct and unrestricted access to the Chairman of the Committee and the Chairman of the Board.

Corporate Governance Statement

PRINCIPLE 12: AUDIT COMMITTEE (CONT'D)

(c) Oversee Compliance

(i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow up of any instances of non-compliance;

(ii) Monitor the processes for addressing complaints made regarding accounting, internal controls and / or auditing matters;

(iii) Clarify the Group's code of conduct and process for disseminating requirements across all Group personnel and monitoring levels of compliance; and

(iv) Maintain open communication with and receive periodic reports from Management and Group legal counsel regarding compliance matters.

(d) Oversee Interested Persons Transactions (IPTs)

(i) Review IPTs to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders;

(ii) Review methods or procedures used for determining that such transactions are or will be carried out on normal commercial terms and not prejudicial to the issuer or its minority shareholders; and

(iii) Receive reports from Management and Internal Audit regarding IPTs. Report to shareholders on IPTs as required by the Listing Manual.

The other delegated duties of the ARC can be found under Principles 11 and 13 of this Statement.

The ARC is authorised to investigate any matter within its Terms of Reference as approved by the Board, and has full access to Management and also full discretion, to invite any Director or Executive Officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

In exercise of its responsibilities, the ARC undertook a review of the independence of our external auditors, KPMG LLP (KPMG) to assess that the objectivity of the auditors is not impaired. In its assessment, the ARC deliberated on the Group's relationship with KPMG and the processes, policies and safeguards adopted by KPMG relating to audit independence. The ARC also took into consideration the nature and volume of the provision of non-audit services in 2017 as well as the corresponding fees for prior years. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

The fees paid to KPMG are set out on Page 130 of the Annual Report.

The Group has put in place a whistle-blowing policy. This policy provides well-defined and accessible channels through which employees, in confidence and good faith, without fear of reprisal, may report concerns about possible improprieties in matters of financial reporting or other matters within the Group. Details of the policy are posted on the Group's intranet for employees' easy reference.

Corporate Governance Statement

PRINCIPLE 13: INTERNAL AUDIT

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has an internal audit (IA) function that is independent of the activities it audits. The internal auditors report to the Chairman of the ARC functionally and to an Executive Director administratively.

The department performing the IA function has adopted and complied with the Standards for the Professional Practice of Internal Auditing by The Institute of Internal Auditors. It operates within the framework stated in its IA Charter, which is approved by the ARC. It adopts a risk-based audit methodology to develop its audit plans which align its activities to key risks across the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The IA plans are reviewed and approved by the ARC.

The ARC will ensure that the department performing the IA function has adequate resources and appropriate standing within the Group to perform its function effectively, including the assessment of the auditors' relationship with external auditors and the auditors' independence of the areas reviewed. Additionally, the ARC also carries out the following functions:

Oversee IA

(a) Monitor and assess the role and effectiveness of the IA function (including the IA Charter, plans, activities, staffing, budget, resources, and organisational structure of the IA function);

(b) Review the IA programme and reports on a periodic basis and monitor Management's responsiveness to the findings and recommendations;

(c) Ensure that the Head of IA has direct and unrestricted access to the Chairman of the Board and Committee, and is able to meet separately and privately to discuss matters / concerns; and

(d) Participate in the appointment, replacement or dismissal of the Head of IA.

To ensure that internal audits are performed by competent professionals, the Group recruits and employs suitably qualified professional staff with the requisite skill sets and experience. The Group further invests in the training and development of Internal Audit to ensure that their professional competence is maintained. The ARC approves the hiring, removal, evaluation and the remuneration of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, properties, personnel and the ARC.

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies Act and the Company's Constitution. All shareholders are treated fairly and equitably. These rights include, amongst others, pecuniary rights, for example, the right to participate in profit distributions and membership rights such as the right to participate in general meetings and the right to exercise their voting rights. Under the Company's Constitution, ordinary shareholders are entitled to attend and vote at the Annual General Meeting by person or proxy.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted on the SGXNET.

Corporate Governance Statement

PRINCIPLE 14: SHAREHOLDER RIGHTS (CONT'D)

The Company, when permitted under the Company's Constitution, may allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders, who hold shares in such corporations can attend and participate in general meetings as proxies.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST Listing Rules and the Singapore Companies Act, the Board's policy is that the Company's shareholders are informed of all major developments that impact the Group.

A dedicated Investor Relations (IR) team supports the Executive Chairman in maintaining a close and active dialogue with the investment community throughout the year, responding diligently and promptly to all enquiries, analysts and other interested parties. In addition, the Group's IR website at www.rafflesmedicalgroup.com/investor-relations acts as another avenue for the investment community to submit their feedback and questions.

Where there is an inadvertent disclosure made to a select group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

(a) Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Singapore Companies Act, Singapore Financial Reporting Standards and the SGX-ST Listing Manual;

(b) Financial statements containing a summary of the financial information and affairs of the Group for the period;

(c) Notices of and explanatory memoranda for Annual General Meetings (AGM) and Extraordinary General Meetings;

(d) Media and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;

(e) Media releases on the major developments of the Group;

(f) Disclosures to the SGX-ST; and

(g) The Group's IR website is where shareholders can access information on the Group. The website provides, inter alia, corporate announcements, media releases, annual reports, analysts' coverage and a profile of the Group.

The Group's IR activities promote regular, effective and fair communication with shareholders and the investment community. Briefing sessions for the media and analysts are conducted when quarterly results are released. All media statements and quarterly financial statements are published on SGXNet and subsequently on the Group's website.

Corporate Governance Statement

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS (CONT'D)

During the year 2017, the IR team along with Senior Management engaged more than 140 local and foreign institutional entities through participation in 2 local, 4 small-group and 50 in-house meetings, which included the following events held in Singapore:

Month	Event	Organiser
February	FY 2016 Post-Results Luncheon	RHB
March	Invest ASEAN 2017	Maybank Kim Eng
April	Q1 2017 Post-Results Luncheon	Daiwa
July	Q2 2017 Post-Results Luncheon	Credit Suisse
September	SGX/DBS Vickers Healthcare Corporate Day	SGX & DBS Vickers
October	Asian Gems Conference 2017	UOB Kay Hian
	Q3 2017 Post-Results Luncheon	Daiwa

The Company targets is to provide a sustainable dividend payout. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate.

The Board of Directors has proposed a final dividend of 1.75 Singapore cents per ordinary share for the financial year ended 31 December 2017, which is subject to the approval by the shareholders at the forthcoming AGM of the Company.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders.

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues at the AGM. The Chairmen of the ARC and the NCC are normally available at the meeting to answer those questions relating to the work of these Committees. The external auditors are normally available to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

All resolutions at general meetings are voted by poll so as to better reflect the shareholders' interests and ensure greater transparency. RMG uses electronic poll voting devices to register the votes of shareholders who attend the general meetings.

The Company appoints an independent external party as scrutineer for the electronic poll voting process. Prior to the general meeting, the scrutineer will review the proxies and the electronic poll voting system, and attends at the proxy verification process, to ensure that the proxy and poll voting information is compiled correctly.

Corporate Governance Statement

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS (CONT'D)

During the general meeting, the scrutineer attends to ensure that the polling process is properly carried out. The rules, including the voting process, were explained by the scrutineers at such general meetings. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to shareholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

Minutes of the AGM, recording the substantial and relevant comments made and questions raised, are prepared and made available to shareholders upon request.

Additional Information Required By the Singapore Exchange Securities Trading Limited (SGX–ST)

MATERIAL CONTRACTS

There are no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Chief Executive Officer, any Director or controlling shareholder.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has in place a policy which prohibits dealings in the Company's securities by all officers of the Company and its subsidiaries, during the periods commencing 2 weeks prior to the announcement of the Group's financial statements for each of the first 3 quarters of its financial year and 1 month prior to the announcement of the Group's full year financial statements and ending on the date of the announcement of such financial statements. Directors, executive officers and any other persons as determined by Management who may possess unpublished material price-sensitive information of the Group (relevant persons), are also reminded to observe insider trading laws at all times, and not to deal in the Company's securities when in possession of any price-sensitive and confidential information regarding the Group, or on short-term considerations. A reminder is circulated to Directors, executive officers and relevant persons of the Company and its subsidiaries every quarter before the commencement of the period during which dealings in the Company's securities are prohibited and to those with access to price-sensitive and confidential information. All Directors of the Company and its subsidiaries are required to report all dealings to the Company Secretary.

INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with Interested Persons are reported to the ARC on a quarterly basis. The ARC has reviewed the Interested Persons Transactions (IPTs) entered into during the financial year by the Company.

In compliance with Listing Manual of the SGX-ST, the Company confirms that IPTs did not exceed $100,000 during the financial year ended 31 December 2017.

Risk Management

ENTERPRISE RISK MANAGEMENT

The Board of Directors is responsible for the governance of risks within the Group. Annually, the Board reviews and approves the risk appetite of the Group, which sets to outline the nature and extent of material risks that the Group is willing to accept to achieve its strategic and business objectives.

With guidance from the ARC, the Board oversees Management on maintaining a sound system of internal controls and risk management, thereby, improve decision-making at both the operational and strategic levels of the Group. The Group's Clinical Leaders and the ARC govern clinical and corporate risks respectively.

The Group adopts the Enterprise Risk Management (ERM) Framework to coordinate the different elements in an enterprise to manage risks effectively, and to protect stakeholders' interest. The framework had been adapted to meet the Group's evolving needs, providing a comprehensive and systematic approach to identify significant risks, evaluate risk tolerance, and to facilitate and develop risk policies across the Group.

Enterprise Risk Management Framework

The 4 pillars of our ERM framework are: Board and Management Involvement, Risk Assessment and Management, Training and Communication, and Independent Assurance.

BOARD AND MANAGEMENT INVOLVEMENT

- Set the approach on risk governance
- Review and approve risk appetite
- Provide oversight on internal controls and risk management

RISK ASSESSMENT & MANAGEMENT

Identification & Assessment	Response	Monitoring & Reporting
• Risk appetite & heat map • Entity Risk Assessment	• Avoid • Mitigate • Share • Accept	• Risk reporting • Risk indicators

TRAINING & COMMUNICATION

- Instil a culture of risk awareness and accountability
- Promote accountability

INDEPENDENT ASSURANCE

- Internal Audit
- External Audit

Strategic Risk

Market and Competition

Even with our long-standing history in the healthcare industry, the Group recognises that there remains a great need to continue to strengthen its competitiveness to retain its market share, yet remain cost-effective for stakeholders. This comes amidst increasing competition from both key players and new entrants in the healthcare industry.

The expanding regional presence of the Group also further reinforces the need to have a keen sense of awareness of the diverse markets in Asia, and how they are evolving, in order to facilitate longer-term growth for the Group.

Risk Management

ENTERPRISE RISK MANAGEMENT (CONT'D)

Operational Risk

Environment, Health & Safety (EHS)

The Group continuously strives to maintain high levels of environmental, health, and safety standards in our day-to-day operations, for the interests of our various stakeholders. We seek to mitigate our EHS risks with accreditations by locally and internationally recognised standards. Our workplace safety and health policies have been certified by the Workplace Safety and Health Council to have attained BizSAFE Level 3 standards. Our hospital has also received international accreditation according to Joint Commission International (JCI) Hospital Standards.

Compliance Risk

Laws, Regulations & Compliance

Most of the Group's businesses and projects require licenses and government approvals, which could be subject to changing requirements and regulations. Furthermore, upholding ethical standards is a cornerstone of our medical practice. In avoidance of the risk of non-compliance, the Group closely monitors developments in standards and regulations locally, regionally, and globally. Where necessary, the Group will engage with the relevant authorities and subject matter experts remain abreast of such changes.

Fraud & Corruption

The Group recognises the need to manage its exposure to corruption risk through good corporate governance, business ethics and strong internal controls in our business processes. While control measures can provide reasonable assurance and safeguards, some risk of fraud will always remain. As such, the Group is committed to proceed with the necessary investigations and disciplinary actions on acts relating to fraud and corruption.

Financial Risk

Given the Group's regional expansion, the Group is exposed to financial risks including credit, liquidity, foreign currency and interest rate risks. The Group continues to place focus on identifying and monitoring financial risks proactively to ensure that risks are being well-managed and mitigated throughout the local and overseas operations.

For more information on the Group's Financial Risk Management, please refer to Note 16: Financial Instruments to the Financial Statements.

Information Technology Risk

Data Security

Data management and protection is paramount given the nature of the information that the Group handles, and Personal Data Protection Act (PDPA) requirements. The Group must protect restricted, confidential or sensitive data from loss and misuse to avoid reputation damage and to avoid adverse impact to our customers. To mitigate the risk of data breaches, the Group has established policies and control measures, including reinforcements to IT infrastructure and staff education. Even with the policies and control measures, the Group also acknowledges that our controls may be unable to exhaustively handle all forms of malicious attacks.

Risk Management

ENTERPRISE RISK MANAGEMENT (CONT'D)

Information Technology Risk (cont'd)

Information Technology Systems

Flexible, nimble and reliable IT systems are essential in order to fulfil the Group's overall business strategies. We rely extensively on IT systems for day to day operations across our various business functions, to provide better value to our customers. In ensuring the reliability of our IT systems, we also strive to improve our business continuity, communication, and recovery processes. On top of the Group security measures, the Group has engaged external IT Security Specialist to provide Security Operations Centre services to help in IT security monitoring and providing of cyber security advisory. To adapt to technological advances, the Group seeks to continue to invest in upgrading our systems, which may consequently incur significant capital expenditures.

Further details on the Group's risk governance framework and risk management policies are set out in Principle 11: Risk Management and Internal Controls.

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Directors' Statement

Year ended 31 December 2017

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the financial statements set out on pages 74 to 142 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Dr Loo Choon Yong
Mr Koh Poh Tiong
Mr Kee Teck Koon
Mr Eric Ang Teik Lim
Dr Wee Beng Geok
Professor Lim Pin
Mr Raymond Lim Siang Keat
Mr Lim Beng Chee
Mr Tan Soo Nan
Mr Olivier Lim Tse Ghow
Dr Sarah Lu Qinghui (Appointed on 20 February 2018)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in a related corporation are as follows:

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
The Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
	Ordinary Shares			
Dr Loo Choon Yong	175,274,270	177,360,868	722,912,534	731,518,636
Mr Koh Poh Tiong	420,000	516,071	–	–
Mr Kee Teck Koon	60,000	60,714	–	–

Directors' Statement

Year ended 31 December 2017

Directors' interests (cont'd)

The Company	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
	Ordinary Shares			
Dr Wee Beng Geok	3,219,000	3,459,000	–	–
Professor Lim Pin	2,223,552	2,223,552	–	–
Mr Raymond Lim Siang Keat	–	150,000	–	–
Mr Tan Soo Nan	4,296,000	4,536,000	–	–
Mr Olivier Lim Tse Ghow	120,000	120,000	–	–

The Company	At beginning of the year	At end of the year	Option price per share	Date of grant
	Options to subscribe for ordinary shares			
Mr Koh Poh Tiong	90,000	–	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	150,000	150,000	$1.50	01/04/2016
	–	100,000	$1.42	03/04/2017
Mr Kee Teck Koon	180,000	180,000	$1.09	01/04/2013
	240,000	240,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	120,000	120,000	$1.50	01/04/2016
	–	75,000	$1.42	03/04/2017
Dr Wee Beng Geok	240,000	–	$0.78	02/04/2012
	240,000	240,000	$1.09	01/04/2013
	240,000	240,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	120,000	120,000	$1.50	01/04/2016
	–	75,000	$1.42	03/04/2017
Professor Lim Pin	90,000	90,000	$1.07	01/04/2014
	180,000	180,000	$1.31	01/04/2015
	90,000	90,000	$1.50	01/04/2016
	–	50,000	$1.42	03/04/2017
Mr Raymond Lim Siang Keat	150,000	–	$1.07	01/04/2014
	180,000	180,000	$1.31	01/04/2015
	90,000	90,000	$1.50	01/04/2016
	–	50,000	$1.42	03/04/2017

Directors' Statement

Year ended 31 December 2017

Directors' interests (cont'd)

The Company	At beginning of the year	At end of the year	Option price per share	Date of grant
		Options to subscribe for ordinary shares		
Mr Lim Beng Chee	45,000	45,000	$1.50	01/04/2016
	–	50,000	$1.42	03/04/2017
Mr Tan Soo Nan	240,000	–	$0.78	02/04/2012
	240,000	240,000	$1.09	01/04/2013
	240,000	240,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	150,000	150,000	$1.50	01/04/2016
	–	100,000	$1.42	03/04/2017
Mr Olivier Lim Tse Ghow	60,000	60,000	$1.31	01/04/2015
	90,000	90,000	$1.50	01/04/2016
	–	50,000	$1.42	03/04/2017

On 11 May 2016, the Company completed a proposed share split of every one (1) existing share held by Shareholders into three (3) shares in the capital of the Company (Share Split). The options in the Company granted in 2012 to 2014 are exercisable during a period commencing 12 months from the Date of Grant for the first 90,000 shares (post Share Split), 24 months from the Date of Grant for the next 90,000 shares (post Share Split) and the balance after 36 months and expires at the end of 60 months from the Date of Grant. The options in the Company granted in 2015 and 2016 are exercisable during a period commencing 24 months from the Date of Grant for the first 60,000 shares (post Share Split), 36 months from the Date of Grant for the next 60,000 shares (post Share Split) and the balance after 48 months and expires at the end of 60 months from the Date of Grant. The options in the Company granted in 2017 are exercisable during a period commencing 24 months from the Date of Grant for the first 20,000 shares, 36 months from the Date of Grant for the next 20,000 shares and the balance after 48 months and expires at the end of 60 months from the Date of Grant.

By virtue of Section 7 of the Act, Dr Loo Choon Yong is deemed to have interests in the other subsidiaries of Raffles Medical Holdings Pte Ltd, at the beginning and at the end of the financial year.

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Immediate Holding Company	At beginning of the year	At end of the year	At beginning of the year	At end of the year
		Ordinary Shares		
Raffles Medical Holdings Pte Ltd				
Dr Loo Choon Yong	100,000	112,500	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

Except as disclosed under the "Share Options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Statement

Year ended 31 December 2017

Share options

Employees' Share Option Scheme

Raffles Medical Group (2000) Share Option Scheme

(1) On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. Details of the RMG 2000 Scheme were set out in the Directors' Report for the financial year ended 31 December 2000.

(2) The RMG 2000 Scheme was administered by the Nomination & Compensation Committee (Committee) comprising the following directors:

Mr Eric Ang Teik Lim
Mr Koh Poh Tiong
Dr Wee Beng Geok
Professor Lim Pin

Dr Loo Choon Yong is not a participant in the scheme.

(3) No additional options were granted pursuant to the RMG 2000 Scheme for the financial year ended 31 December 2017.

(4) As at 31 December 2017, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

Date of grant of options	Exercise price per share*	Options outstanding at 1 January 2017*	Options exercised*	Options forfeited/ expired*	Options outstanding at 31 December 2017*	Number of option holders at 31 December 2017
02/04/2007	$0.38	306,000	228,000	78,000	–	–
01/04/2008	$0.41	525,000	201,000	9,000	315,000	13
01/04/2009	$0.26	1,536,000	671,000	45,000	820,000	18
01/04/2010	$0.55	2,595,000	563,000	–	2,032,000	46
		4,962,000	1,663,000	132,000	3,167,000	

* After adjustment for Share Split.

(5) Since the commencement of the Scheme, no options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

(6) The following are details of options granted to Directors:

Name of directors	Aggregate options granted since commencement of Scheme to 31 December 2017*	Aggregate options exercised since commencement of Scheme to 31 December 2017*	Aggregate options outstanding as at 31 December 2017*
Dr Wee Beng Geok	3,414,000	3,414,000	–
Mr Tan Soo Nan	3,714,000	3,714,000	–
Professor Lim Pin	2,904,000	2,904,000	–
Total	10,032,000	10,032,000	–

* After adjustment for Share Split.

Directors' Statement

Year ended 31 December 2017

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2000) Share Option Scheme (cont'd)

(7) Statutory information regarding the above options is as follows:

(a) Options are exercisable in whole or in part:

(i) in relation to shares for which the subscription price is determined on market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the first anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee; and

(ii) in relation to shares for which the subscription price is determined at a discount to market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the second anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee.

(b) The number of shares which may be acquired by a participant and the exercise price are subject to adjustment, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves made which an option remains unexercised.

Raffles Medical Group (2010) Share Option Scheme

(1) At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

(2) Under the terms of the RMG 2010 Scheme, the committee (Committee) of directors administrating the Scheme may make offers of the grant of options to eligible persons to subscribe for shares at a subscription price set at the market price or at a discount of the market price on the capital of the Company, subject inter alia to the following:

(a) the aggregate number of shares over which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the RMG 2010 Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date preceding the offer date of an option.

(b) the number of shares to be offered to any Group employee in accordance with the RMG 2010 Scheme shall be determined at the absolute discretion of the Committee, who shall take into account (where applicable) criteria such as rank, responsibilities, past performance, length of service, contributions to the Group and potential for future development of that Group employee, provided that in relation to Controlling Shareholder(s) or their Associates:

(i) the aggregate number of shares which may be offered by way of grant of options to Group employees who are Controlling Shareholder(s) and/or their Associates shall not exceed 25% of the total number of shares available under the RMG 2010 Scheme; and

(ii) the aggregate number of shares which may be offered by way of grant of options to each Group employee who is a Controlling Shareholder or his Associate shall not exceed 10% of the total number of shares available under the RMG 2010 Scheme.

Directors' Statement

Year ended 31 December 2017

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

(3) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

(a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above; and

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme); or

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(4) Under the RMG 2010 Scheme, an option may be exercised in whole or in part only in respect of 1,000 shares or any multiple thereof:

(a) in relation to shares for which the subscription price is determined on market value, during the period commencing after the first anniversary of the offer date and expiring on the tenth anniversary of such offer date; and

(b) in relation to shares for which the subscription price is determined at a discount to the market value, during the period commencing after the second anniversary of the offer date and expiring on the tenth anniversary of such offer date.

Save that the option period for an option granted to a participant, who is a non-executive director (including independent director) of any member of the Group or a permanent part-time visiting consultant specialist contracted or engaged for service on a regular basis by the Group but whose hours of work is not full-time, shall expire on the fifth anniversary of the Date of Grant.

(5) The RMG 2010 Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years from 30 April 2010 provided always that the RMG 2010 Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and any of the relevant authorities which may then be required.

(6) The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme.

Directors' Statement

Year ended 31 December 2017

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

(7) The Committee, at the date of this statement, administering the RMG 2010 Scheme comprises the following directors:

Mr Eric Ang Teik Lim
Mr Koh Poh Tiong
Dr Wee Beng Geok
Professor Lim Pin

(8) On 3 April 2017, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of $1.42 as follows:

	Company Number of Shares
Directors of the Company and Executive Directors of the subsidiaries	1,065,000
Other participants	3,935,000
	5,000,000

(9) Since the commencement of the Scheme, no options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

(10) As at 31 December 2017, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme were as follows:

Date of grant of options	Exercise price per share*	Options outstanding at 1 January 2017*	Options granted*	Options exercised*	Options forfeited/ expired*	Options outstanding at 31 December 2017*	Number of option holders at 31 December 2017
01/04/2011	$0.73	3,306,000	–	501,000	6,000	2,799,000	80
02/04/2012	$0.78	6,884,000	–	1,460,000	3,000	5,421,000	134
01/04/2013	$1.09	10,127,000	–	1,020,000	45,000	9,062,000	221
01/04/2014	$1.07	12,456,000	–	1,218,000	297,000	10,941,000	280
01/04/2015	$1.31	14,634,000	–	538,000	–	14,096,000	407
01/04/2016	$1.50	10,437,000	–	–	–	10,437,000	336
03/04/2017	$1.42	–	5,000,000	–	37,000	4,963,000	392
		57,844,000	5,000,000	4,737,000	388,000	57,719,000	

* After adjustment for Share Split.

Directors' Statement

Year ended 31 December 2017

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

(11) The following are details of options granted to Directors:

Name of director	Options granted for financial year ended 31 December 2017	Aggregate options granted since commencement of Scheme to 31 December 2017*	Aggregate options exercised since commencement of Scheme to 31 December 2017*	Aggregate options outstanding as at 31 December 2017*
Mr Koh Poh Tiong	100,000	880,000	420,000	460,000
Mr Kee Teck Koon	75,000	885,000	60,000	825,000
Dr Wee Beng Geok	75,000	1,335,000	450,000	885,000
Mr Tan Soo Nan	100,000	1,390,000	450,000	940,000
Professor Lim Pin	50,000	1,070,000	660,000	410,000
Mr Raymond Lim Siang Keat	50,000	470,000	150,000	320,000
Mr Olivier Lim Tse Ghow	50,000	200,000	–	200,000
Mr Lim Beng Chee	50,000	95,000	–	95,000
Total	550,000	6,325,000	2,190,000	4,135,000

* After adjustment for Share Split.

Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Audit & Risk Committee

The members of the Audit & Risk Committee during the year and at the date of this statement are as follows:

- Mr Kee Teck Koon (Chairman), Non-Executive Director
- Mr Koh Poh Tiong, Non-Executive Director
- Mr Raymond Lim Siang Keat, Non-Executive Director

The Audit & Risk Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit & Risk Committee has held four meetings since the last directors' statement. In performing its functions, the Audit & Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

Directors' Statement

Year ended 31 December 2017

Audit & Risk Committee (cont'd)

The Audit & Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit & Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit & Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit & Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Kee Teck Koon
Director

24 February 2018

Independent Auditors' Report

Members of the Company
Raffles Medical Group Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 74 to 142.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

Impairment assessment of goodwill ($25,534,000) (Refer to note 5 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The assessment of the recoverability of goodwill requires significant judgement in determining the forecast future performance of the cash generating unit to which goodwill is allocated. Management's impairment assessment involves significant estimation, principally relating to the key assumptions for revenue growth rates, terminal growth rates and discount rates. The subjectivity of the principal assumptions required a significant amount of judgement and audit effort.	We assessed the appropriateness of management's determination of cash generating units (CGU). Our work focused on detailed analysis of the Group's value-in-use (VIU) calculations and we challenged the assumptions used by the Group in conducting the impairment review. Our procedures for challenging management's key assumptions included: • developing independent expectations for the key assumptions driving the cash flow projections, in particular discount rates, and comparing the independent expectations to those used by the Group; • challenging key assumptions for revenue growth rates and terminal growth rates with reference to economic and industry forecasts; • assessing the historical accuracy of the Group's estimates in the previous period; and • performing sensitivity analysis around the key assumptions including revenue growth rates and discount rates to assess the extent of the change that would be required for the assets to be impaired. We also assessed whether the Group's disclosures about the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.
Our findings	
We concluded that the identification of CGUs was appropriate. We found that the assumptions and resulting estimates were balanced. CGU's key assumptions were appropriately disclosed.	

Independent Auditors' Report

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

<table>
<tr><td colspan="2">Classification and valuation of investment properties ($385,498,000)
(Refer to note 6 to the financial statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group has a property portfolio and the intended usage of each of the properties within this portfolio can change. Classification of an asset as investment property is based on how it is initially and subsequently used, and intentions for future use. Judgement is required in determining classification of investment properties.

The Group engaged external experts to value its investment properties that are carried at fair value. The valuation of investment properties is sensitive to the key assumptions used in determining the cash flows projection, capitalisation, discount and termination yield rates. A small change in the assumption can have a significant impact on the valuations.</td><td>We evaluated the classification of investment properties, by enquiring the Group on how the properties are initially classified, subsequently used and intentions for future use.

We evaluated the competency, capabilities and objectivity of the external valuers and held discussion with the external valuers to understand their valuation approach and basis of valuation.

We challenged the appropriateness of the key assumptions used by the external valuers, including capitalisation rate, discount rate, terminal yield rate and term and reversion rate, by comparing them against historical trends and externally derived data.

We considered the appropriateness of the relevant disclosure.</td></tr>
<tr><td colspan="2">Our findings</td></tr>
<tr><td colspan="2">We found that the classification of the investment properties is appropriate.

The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used by the external valuers are comparable to similar property types in the market and those used in the prior years.

The key assumptions used were appropriate and noted to be comparable to historical trends and externally derived data. We found that the disclosures in the financial statements are appropriate.</td></tr>
</table>

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Shareholdings Statistics. The Shareholdings Statistics is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

Report on the audit of the financial statements (cont'd)

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

Report on the audit of the financial statements (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lau Kam Yuen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 February 2018

Statements of Financial Position

As at 31 December 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	384,021	270,066	7,585	8,040
Intangible assets and goodwill	5	36,773	30,660	1,296	93
Investment properties	6	385,498	371,472	–	–
Subsidiaries	24	–	–	551,131	451,431
Deferred tax assets	7	1,025	437	–	–
Trade and other receivables	8	3,060	4,711	7,663	7,658
		810,377	677,346	567,675	467,222
Current assets					
Inventories		9,955	9,994	2,491	2,643
Trade and other receivables	8	87,259	101,408	124,626	103,234
Cash and cash equivalents	9	98,270	111,883	5,716	32,619
		195,484	223,285	132,833	138,496
Total assets		1,005,861	900,631	700,508	605,718
Equity attributable to owners of the Company					
Share capital	10	340,201	314,165	340,201	314,165
Reserves	10	393,849	352,223	268,350	242,894
		734,050	666,388	608,551	557,059
Non-controlling interests		17,575	15,456	–	–
Total equity		751,625	681,844	608,551	557,059
Non-current liabilities					
Loans and borrowings	12	38,000	16,947	–	–
Trade and other payables	13	15,102	4,397	58	96
Other financial liabilities	14	1,773	8,377	–	–
Deferred tax liabilities	7	4,870	4,853	899	722
		59,745	34,574	957	818
Current liabilities					
Loans and borrowings	12	41,204	13,451	37,262	9,518
Current tax liabilities		12,904	14,163	271	1,644
Trade and other payables	13	126,305	144,728	53,467	36,679
Other financial liabilities	14	2,941	166	–	–
Insurance contract provisions	15	11,137	11,705	–	–
		194,491	184,213	91,000	47,841
Total liabilities		254,236	218,787	91,957	48,659
Total equity and liabilities		1,005,861	900,631	700,508	605,718

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue		477,583	473,608
Other operating income		3,833	3,529
Inventories and consumables used		(54,067)	(51,235)
Purchased and contracted services		(39,559)	(40,415)
Staff costs		(247,600)	(241,736)
Depreciation of property, plant and equipment	4	(14,388)	(14,491)
Amortisation of intangible assets	5	(604)	(174)
Operating lease expenses		(13,204)	(14,215)
Other operating expenses		(31,908)	(32,925)
Profit from operating activities		80,086	81,946
Finance income		936	1,138
Finance expenses		(204)	(154)
Profit before tax		80,818	82,930
Tax expense	18	(12,157)	(14,984)
Profit for the year	17	68,661	67,946
Profit attributable to:			
Owners of the Company		70,779	70,210
Non-controlling interests		(2,118)	(2,264)
Profit for the year		68,661	67,946
Earnings per share			
Basic earnings per share (cents)	19	4.02	4.04
Diluted earnings per share (cents)	19	4.00	4.00

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 $'000	2016 $'000
Profit for the year	68,661	67,946
Other comprehensive income		
Item that is or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	(169)	(4,029)
Total comprehensive income for the year	68,492	63,917
Total comprehensive income attributable to:		
Owners of the Company	70,495	67,267
Non-controlling interests	(2,003)	(3,350)
Total comprehensive income for the year	68,492	63,917

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Share capital	Translation reserve	Share option reserve	Revaluation reserve	Other reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2016	286,366	(1,149)	21,089	1,712	(8,790)	303,877	603,105	18,922	622,027
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	70,210	70,210	(2,264)	67,946
Other comprehensive income									
Foreign currency translation differences – foreign operations	–	(2,943)	–	–	–	–	(2,943)	(1,086)	(4,029)
Total other comprehensive income for the year	–	(2,943)	–	–	–	–	(2,943)	(1,086)	(4,029)
Total comprehensive income for the year	–	(2,943)	–	–	–	70,210	67,267	(3,350)	63,917
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	7,093	–	–	–	–	–	7,093	–	7,093
Issue of shares in lieu of cash dividends of 4.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	20,706	–	–	–	–	–	20,706	–	20,706
Value of employee services received for issue of share options	–	–	2,656	–	–	–	2,656	–	2,656
Final dividend paid of 4.5 cents per ordinary share – Cash [(1)]	–	–	–	–	–	(5,246)	(5,246)	–	(5,246)
Final dividend paid of 4.5 cents per ordinary share – Scrip [(1)]	–	–	–	–	–	(20,706)	(20,706)	–	(20,706)
Interim dividend paid of 0.5 cent per ordinary share – Cash	–	–	–	–	–	(8,734)	(8,734)	–	(8,734)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(116)	(116)
Total contributions by and distributions to owners	27,799	–	2,656	–	–	(34,686)	(4,231)	(116)	(4,347)
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	–	–	–	–	247	–	247	–	247
Total changes in ownership interests in subsidiaries	–	–	–	–	247	–	247	–	247
Total transactions with owners	27,799	–	2,656	–	247	(34,686)	(3,984)	(116)	(4,100)
At 31 December 2016	314,165	(4,092)	23,745	1,712	(8,543)	339,401	666,388	15,456	681,844

(1) This dividend payment was based on the issued ordinary shares of the Company prior to subdivision of each ordinary share in the capital of the Company into three ordinary shares which was completed on 11 May 2016.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2017

	Share capital $'000	Translation reserve $'000	Share option reserve $'000	Revaluation reserve $'000	Other reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	314,165	(4,092)	23,745	1,712	(8,543)	339,401	666,388	15,456	681,844
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	70,779	70,779	(2,118)	68,661
Other comprehensive income									
Foreign currency translation differences – foreign operations	–	(284)	–	–	–	–	(284)	115	(169)
Total other comprehensive income for the year	–	(284)	–	–	–	–	(284)	115	(169)
Total comprehensive income for the year	–	(284)	–	–	–	70,779	70,495	(2,003)	68,492
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	5,278	–	–	–	–	–	5,278	–	5,278
Issue of shares in lieu of cash dividends of 1.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	20,758	–	–	–	–	–	20,758	–	20,758
Issue of shares to non-controlling interests of subsidiary	–	–	–	–	–	–	–	4,122	4,122
Value of employee services received for issue of share options	–	–	2,449	–	–	–	2,449	–	2,449
Final dividend paid of 1.5 cents per ordinary share – Cash	–	–	–	–	–	(5,535)	(5,535)	–	(5,535)
Final dividend paid of 1.5 cents per ordinary share – Scrip	–	–	–	–	–	(20,758)	(20,758)	–	(20,758)
Interim dividend paid of 0.5 cent per ordinary share – Cash	–	–	–	–	–	(8,854)	(8,854)	–	(8,854)
Total contributions by and distributions to owners	26,036	–	2,449	–	–	(35,147)	(6,662)	4,122	(2,540)
Changes in interests in subsidiaries									
Present value of the exercise price of written put options	–	–	–	–	3,829	–	3,829	–	3,829
Total changes in ownership interests in subsidiaries	–	–	–	–	3,829	–	3,829	–	3,829
Total transactions with owners	26,036	–	2,449	–	3,829	(35,147)	(2,833)	4,122	1,289
At 31 December 2017	340,201	(4,376)	26,194	1,712	(4,714)	375,033	734,050	17,575	751,625

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit for the year		68,661	67,946
Adjustments for:			
Amortisation of intangible assets		604	174
Changes in fair value of investment properties		(3,085)	(1,530)
Depreciation of property, plant and equipment		14,388	14,491
Equity-settled share-based payment transactions		2,449	2,656
Finance expenses		204	154
Finance income		(936)	(1,138)
Loss on disposal of property, plant and equipment, net		10	–
Property, plant and equipment written off		143	154
Tax expense		12,157	14,984
		94,595	97,891
Changes in working capital:			
Inventories		39	(417)
Trade and other receivables		16,343	(28,474)
Trade and other payables		(13,109)	24,025
Insurance contract provisions		(568)	(1,099)
Cash generated from operations		97,300	91,926
Tax paid		(13,970)	(12,693)
Interest paid		(637)	(379)
Net cash from operating activities		82,693	78,854
Cash flows from investing activities			
Interest received		952	1,188
Proceeds from disposal of property, plant and equipment		12	–
Purchase of property, plant and equipment		(10,007)	(14,497)
Acquisition of intangible assets		(5,888)	–
Payment for investment properties under development		(125,733)	(31,063)
Net cash used in investing activities		(140,664)	(44,372)
Cash flows from financing activities			
Dividends paid to owners of the Company		(14,389)	(13,980)
Dividends paid to non-controlling interests		–	(116)
Loan from subsidiary's non-controlling interest		233	623
Proceeds from issue of shares under share option scheme		5,278	7,093
Proceeds from issue of shares to non-controlling interests of subsidiaries		4,122	–
Proceeds from bank loans		236,219	95,886
Repayment of bank loans		(186,721)	(97,992)
Net cash from/(used in) financing activities		44,742	(8,486)
Net (decrease)/increase in cash and cash equivalents		(13,229)	25,996
Cash and cash equivalents at 1 January	9	111,883	86,057
Effect of exchange rate fluctuations on cash held		(384)	(170)
Cash and cash equivalents at 31 December	9	98,270	111,883

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 February 2018.

1. Domicile and activities

Raffles Medical Group Ltd (the Company) is a company incorporated in Singapore. The address of the Company's registered office is 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

The financial statements of the Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activities of the Company are those relating to the operation of medical clinics, other general medical services and investment holdings.

The Group and the Company are the sole proprietor of the following:

Family Doctors
RafflesCare
Raffles Airport Medical Centre
Raffles Corporate Wellness
Raffles Dental Surgery
Raffles Healthcare Consultancy
Raffles Healthcare Institute
Raffles Health Screeners
Raffles Medical Management
Raffles Medihelp
Raffles Optica
Raffles Pharmacare
Raffles Pharmacy
Raffles Solitaire
Raffles Solitaire International
Raffles Specialist Centre

The Group and the Company are the partner of the following:

Changi Medical Services LLP
Raffles International Medical Assistance LLP

All transactions of these sole proprietorships and partnerships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in note 24 to the financial statements.

The immediate and ultimate holding company during the financial year is Raffles Medical Holdings Pte Ltd, which is incorporated in Singapore.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

Notes to the Financial Statements

Year ended 31 December 2017

2. Basis of preparation (cont'd)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 6 – classification of investment properties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 and 5 – estimation of useful lives and recoverable amounts of property, plant and equipment and intangible assets
- Note 5 – impairment test: key assumptions underlying recoverable amounts
- Note 6 – fair value determination of investment properties
- Note 7 – utilisation of tax losses
- Note 15 – insurance contract provisions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Audit & Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

Year ended 31 December 2017

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – investment properties
- Note 11 – employee share options
- Note 16 – financial instruments

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 31 December 2017. Comparative information has not been presented (see note 12).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Written put option in business combination

When the Group writes a put with the non-controlling shareholder in an existing subsidiary on their equity interests in that subsidiary and the put option granted to the non-controlling shareholders provides for settlement in cash or in another financial asset by the Group, then the Group recognises a liability for the present value of the exercise price of the option. Subsequent to initial recognition of the financial liability, the Group has adopted an accounting policy choice to recognise the changes in the carrying amount of the financial liability in equity.

NCI have present access to the returns associated with the underlying ownership interests, the Group has elected the present-access method to account for the NCI. Under the present-access method, the interest of non-controlling shareholders that hold the written put option are not derecognised when the financial liability is recognised. NCI has present access to the returns that are the subject of the put option.

If the put option expires unexercised, then the put liability is reversed against the other equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Depreciation (cont'd)

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Freehold land and fixed asset work in progress are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold land	99 years, or lease term if shorter
• Properties	50 years
• Medical equipment	8 to 10 years
• Furniture and fittings	10 years
• Office equipment	5 to 10 years
• Motor vehicles	10 years
• Computers	3 to 6 years
• Renovations	6 years, or lease term if shorter
• Facilities equipment	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss. When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.5 Intangible assets and goodwill (cont'd)

(ii) Software development in progress

The expenditure capitalised for software development in progress includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use. Costs associated with maintaining the software are recognised in profit or loss as incurred.

Once the software is available to use, the capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

• Assignment fees	10 years
• Customer relationship	7 - 13 years
• Software	8 years

Intangible assets in progress are not amortised.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Investment properties and properties under development

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties under development are properties being constructed or developed for future use as investment properties. They are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties under development are measured at cost when fair value of the investment properties under development cannot be measured reliably. Investment properties under development is accounted for using the cost model until the earlier of the date on which fair value of the property can be measured reliably or the date on which the development is completed.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.6 Investment properties and properties under development (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties include the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment properties that were previously classified as property, plant and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Transfer to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, from a transfer from property, plant and equipment to investment properties.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories, comprising mainly pharmaceutical and medical supplies, are measured at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy or adverse changes in the payment status of borrowers or issuers.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

Non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Rendering of services

Revenue from rendering of services is recognised in profit or loss upon provision of healthcare, hospital and insurance services.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.12 Revenue (cont'd)

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.14 Finance income and finance expenses

Finance income comprises interest income from bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.15 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.18 Full convergence with International Financial Reporting Standards and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS 1 *First-time Adoption of Singapore Financial Reporting Standards (International).*

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet, and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.18 Full convergence with International Financial Reporting Standards and adoption of new standards (cont'd)

Applicable to 2018 financial statements (cont'd)

SFRS(I) 1 (cont'd)

Foreign currency translation reserve (FCTR)

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition and to reclassify cumulative FCTR as at 1 January 2017 determined in accordance with FRS at the date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group expects to credit the cumulative FCTR by $4,376,000 and debit retained earnings by the same amount as at 31 December 2017.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specific criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, and the comparative period presented in the 2018 financial statements will be restated.

The expected impact upon the adoption of SFRS(I) 15 is described below. The information below reflects the Group's expectations of the tax implications arising from the changes in accounting treatment. Tax effects may change when the transition adjustments are finalised.

The Group's main sources of revenue, impacted by SFRS(I) 15, are:
- rendering of healthcare and hospital services; and
- rental income from investment properties.

Based on the Group's existing revenue arrangements, the Group expects each of its revenue streams to constitute a single performance obligation. The Group does not expect a significant impact on the timing of revenue recognition.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments and a new expected credit loss model for calculating impairment of financial assets.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 January 2018.

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.18 Full convergence with International Financial Reporting Standards and adoption of new standards (cont'd)

Applicable to 2018 financial statements (cont'd)

SFRS(I) 9 (cont'd)

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018:
  - The determination of the business model within which a financial asset is held.
  - The determination of whether contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from the changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

Impairment

SFRS(I) 9 replaces the current 'incurred loss model' in FRS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model will apply to financial assets measured at amortised cost, certain loan commitments and financial guarantee contracts.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:
- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group does not expect a significant impact from the new impairment model.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements
- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

Applicable to 2021 financial statements
- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

Notes to the Financial Statements

Year ended 31 December 2017

3. Significant accounting policies (cont'd)

3.18 Full convergence with International Financial Reporting Standards and adoption of new standards (cont'd)

Applicable to financial statements for the year 2019 and thereafter (cont'd)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below. The Group also preliminarily assessed that SFRS(I) 17 is relevant to the Group as the Group issues insurance contracts and account for financial guarantee contracts as insurance contracts.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 21).

Until 2018, the financial impact of the standard will be affected by factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 2% of the consolidated total assets and 9% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

Notes to the Financial Statements

Year ended 31 December 2017

4. Property, plant and equipment

	Freehold land $'000	Leasehold land $'000	Properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Group												
Cost												
At 1 January 2016	18,500	139,883	85,836	47,961	6,808	1,237	727	13,929	15,649	2,971	4,139	337,640
Reclassification from investment properties (note 6)	–	3,797	1,861	–	–	–	–	–	–	–	–	5,658
Additions	–	–	6,304	3,083	653	407	23	1,005	1,265	362	1,694	14,796
Write-off	–	–	–	(640)	(361)	(12)	(1)	(139)	(286)	(6)	–	(1,445)
Transfer	–	–	3,903	5	–	1	–	5	215	–	(4,129)	–
Effect of movements in exchange rates	–	–	–	(79)	(6)	(8)	–	(84)	(152)	–	(3)	(332)
At 31 December 2016	18,500	143,680	97,904	50,330	7,094	1,625	749	14,716	16,691	3,327	1,701	356,317
Reclassification from investment properties (note 6)	–	–	–	–	–	–	–	–	–	–	119,800	119,800
Reclassification to intangible assets (note 5)	–	–	–	–	–	–	–	–	–	–	(1,495)	(1,495)
Additions	–	–	–	2,465	473	538	20	1,511	1,610	312	3,447	10,376
Disposals	–	–	–	(147)	(2)	(6)	(39)	(8)	–	–	–	(202)
Write-off	–	–	–	(1,301)	(160)	(62)	–	(411)	(895)	(156)	–	(2,985)
Transfer	–	–	–	–	–	75	–	126	2	–	(203)	–
Effect of movements in exchange rates	–	–	–	(128)	(5)	(3)	3	59	(52)	–	–	(126)
At 31 December 2017	18,500	143,680	97,904	51,219	7,400	2,167	733	15,993	17,356	3,483	123,250	481,685

Reclassification from investment properties

During the year, $119,800,000 was transferred from investment property to property, plant and equipment as the property's intended own use.

In 2016, the construction of an investment property was completed. $5,658,000 was transferred from investment property to property, plant and equipment due to the finalised composition of the property's intended own usage and leased out.

Notes to the Financial Statements

Year ended 31 December 2017

4. Property, plant and equipment (cont'd)

	Freehold land $'000	Leasehold land $'000	Properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Group												
Accumulated depreciation												
At 1 January 2016	–	10,832	12,684	26,389	2,681	683	110	8,641	9,522	1,825	–	73,367
Depreciation charge for the year	–	2,122	2,293	4,555	647	210	73	2,196	2,191	204	–	14,491
Write-off	–	–	–	(613)	(271)	(10)	(1)	(138)	(252)	(6)	–	(1,291)
Effect of movements in exchange rates	–	–	–	(69)	(4)	(4)	–	(69)	(170)	–	–	(316)
At 31 December 2016	–	12,954	14,977	30,262	3,053	879	182	10,630	11,291	2,023	–	86,251
Depreciation charge for the year	–	2,122	2,406	4,454	663	288	71	2,161	2,014	209	–	14,388
Disposals	–	–	–	(127)	–	(6)	(39)	(8)	–	–	–	(180)
Write-off	–	–	–	(1,288)	(107)	(52)	–	(410)	(835)	(150)	–	(2,842)
Effect of movements in exchange rates	–	–	–	(36)	(3)	(1)	3	75	9	–	–	47
At 31 December 2017	–	15,076	17,383	33,265	3,606	1,108	217	12,448	12,479	2,082	–	97,664
Carrying amounts												
At 1 January 2016	18,500	129,051	73,152	21,572	4,127	554	617	5,288	6,127	1,146	4,139	264,273
At 31 December 2016	18,500	130,726	82,927	20,068	4,041	746	567	4,086	5,400	1,304	1,701	270,066
At 31 December 2017	18,500	128,604	80,521	17,954	3,794	1,059	516	3,545	4,877	1,401	123,250	384,021

Notes to the Financial Statements

Year ended 31 December 2017

4. Property, plant and equipment (cont'd)

	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Fixed asset work in progress $'000	Total $'000
Company								
Cost								
At 1 January 2016	3,567	2,119	633	659	5,146	5,702	175	18,001
Additions	603	293	321	22	388	517	687	2,831
Disposal	(1)	–	–	–	(1)	–	–	(2)
Write-off	(15)	(24)	(6)	(1)	(52)	(59)	–	(157)
Transfer	5	–	–	–	5	158	(168)	–
At 31 December 2016	4,159	2,388	948	680	5,486	6,318	694	20,673
Reclassification to intangible assets (note 5)	–	–	–	–	–	–	(534)	(534)
Additions	257	203	449	20	896	437	204	2,466
Disposal	–	(2)	–	–	(6)	–	–	(8)
Write-off	(75)	(111)	(38)	–	(67)	(168)	–	(459)
Transfer	–	–	75	–	80	2	(157)	–
At 31 December 2017	4,341	2,478	1,434	700	6,389	6,589	207	22,138
Accumulated depreciation								
At 1 January 2016	1,438	1,027	366	129	3,384	4,262	–	10,606
Depreciation charge for the year	411	209	113	53	675	712	–	2,173
Disposal	(1)	–	–	–	(1)	–	–	(2)
Write-off	(12)	(16)	(4)	(1)	(52)	(59)	–	(144)
At 31 December 2016	1,836	1,220	475	181	4,006	4,915	–	12,633
Depreciation charge for the year	447	222	185	59	775	632	–	2,320
Disposal	–	–	–	–	(5)	–	–	(5)
Write-off	(74)	(67)	(32)	–	(66)	(156)	–	(395)
At 31 December 2017	2,209	1,375	628	240	4,710	5,391	–	14,553
Carrying amounts								
At 1 January 2016	2,129	1,092	267	530	1,762	1,440	175	7,395
At 31 December 2016	2,323	1,168	473	499	1,480	1,403	694	8,040
At 31 December 2017	2,132	1,103	806	460	1,679	1,198	207	7,585

Notes to the Financial Statements

Year ended 31 December 2017

4. Property, plant and equipment (cont'd)

Details of freehold land, leasehold land and properties of the Group are as follows:

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2017 $'000	Group Carrying amount 2016 $'000
HDB shop with living quarters located at Blk 283, Bishan St 22, #01-177, Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 01/02/1991	736	762
A factory unit, located at 196 Pandan Loop, #06-05 Pantech Industrial Complex, Singapore 128384, held for use as a store	112.0	99 years commencing from 27/01/1984	211	219
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8, #01-2825, Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 01/10/1993	1,024	1,060
HDB shop with living quarters located at Blk 131 Jurong East St 13, #01-267, Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 01/04/1993	1,311	1,353
HDB shop with living quarters located at Blk 177 Toa Payoh Central, #01-170, Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 01/10/1992	821	848
HDB shop with living quarters located at Blk 203 Bedok North St 1, #01-467, Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 01/07/1992	658	678
HDB shop with living quarters located at Blk 446 Clementi Avenue 3, #01-189, Singapore 120446, held for use as a primary healthcare clinic	182.0	84 years commencing from 01/01/1995	5,125	5,208
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	28,604.9*	99 years commencing from 01/03/1979	179,319	183,131
A building, located at 25 Tannery Lane, Singapore 347786, held for use as administrative and support office	3,295.5	Freehold	20,382	20,547
Raffles Holland V, located at 118 Holland Avenue, Singapore 278997, held for use as a medical centre	6,011.4#	99 years commencing from 18/01/1985	18,038	18,347
			227,625	232,153

* Includes commercial space of 284.4 sq m (2016: 284.4 sq m) classified as investment properties.

\# Includes commercial space of 4,981.1 sq m (2016: 4,981.1 sq m) classified as investment properties.

Notes to the Financial Statements

Year ended 31 December 2017

4. Property, plant and equipment (cont'd)

Source of estimation uncertainty

The cost of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 99 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation and technological changes. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in these factors. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

The estimates of recoverable amounts were based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or the value in use of the property, plant and equipment determined by management. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value in use.

5. Intangible assets and goodwill

	Goodwill	Customer relationship	Membership rights	Assignment fees	Software under development	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost							
At 1 January 2016	27,102	5,075	164	612	–	–	32,953
Effects of movement in exchange rate	(829)	(476)	–	–	–	–	(1,305)
At 31 December 2016	26,273	4,599	164	612	–	–	31,648
Additions	–	–	–	–	1,742	4,146	5,888
Reclassification from property, plant and equipment (note 4)	–	–	–	–	641	854	1,495
Effects of movement in exchange rate	(587)	(79)	–	–	–	–	(666)
At 31 December 2017	25,686	4,520	164	612	2,383	5,000	38,365
Accumulated amortisation and impairment losses							
At 1 January 2016	152	50	–	612	–	–	814
Amortisation	–	174	–	–	–	–	174
At 31 December 2016	152	224	–	612	–	–	988
Amortisation	–	406	–	–	–	198	604
At 31 December 2017	152	630	–	612	–	198	1,592
Carrying amounts							
At 1 January 2016	26,950	5,025	164	–	–	–	32,139
At 31 December 2016	26,121	4,375	164	–	–	–	30,660
At 31 December 2017	25,534	3,890	164	–	2,383	4,802	36,773

Notes to the Financial Statements

Year ended 31 December 2017

5. Intangible assets and goodwill (cont'd)

	Membership rights $'000	Goodwill $'000	Software $'000	Total $'000
Company				
Cost				
At 1 January 2016 and 31 December 2016	93	152	–	245
Additions	–	–	708	708
Reclassification from property, plant and equipment (note 4)	–	–	534	534
At 31 December 2017	93	152	1,242	1,487
Accumulated amortisation and impairment losses				
At 1 January 2016 and 31 December 2016	–	152	–	152
Amortisation	–	–	39	39
At 31 December 2017	–	152	39	191
Carrying amounts				
At 1 January 2016 and 31 December 2016	93	–	–	93
At 31 December 2017	93	–	1,203	1,296

Goodwill of $152,000 represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired from the purchase of a clinic business. The amount was fully impaired in 2012.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	Group	
	2017 $'000	2016 $'000
China clinics	22,208	22,521
Cambodia clinic	3,326	3,600
	25,534	26,121

The recoverable amount of CGUs were based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGUs.

Key assumptions used in the estimation of value in use were as follows:

	Group	
	2017 %	2016 %
Discount rate	13.3 – 19.3	14.4 – 20.6
Terminal growth rate	2.5 – 3.0	0.2 – 2.4
Revenue growth rate for next five years	10.2 – 18.8	7.5 – 14.3

Notes to the Financial Statements

Year ended 31 December 2017

5. Intangible assets and goodwill (cont'd)

Impairment testing for CGUs containing goodwill (cont'd)

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal GDP rates for the countries in which the CGUs operate.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated growth for the next five years.

Management has identified that a reasonably possible change in the below key assumptions on revenue growth could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this key assumption would need to change for the respective CGUs for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2017	**2016**
	%	**%**
Revenue growth rate in respect of:		
China clinics	3.1	5.4
Cambodia clinic	5.3	7.3

Source of estimation uncertainty

The cost of intangible assets, other than goodwill, are amortised on a straight-line basis over their useful lives. Management estimates the useful lives of these intangible assets to be between 7 to 13 years. The Group reviews annually the estimated useful lives of intangible assets based on factors that include asset utilisation, internal technical evaluation and technological changes. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in these factors. A reduction in the estimated useful lives of intangible assets would increase amortisation expense and decrease non-current assets.

Notes to the Financial Statements

Year ended 31 December 2017

6. Investment properties

	Group	
	2017	2016
	$'000	$'000
At 1 January	371,472	343,866
Additions	131,041	33,574
Reclassification to property, plant and equipment (note 4)	(119,800)	(5,658)
Changes in fair value	3,085	1,530
Effects of movement in exchange rate	(300)	(1,840)
At 31 December	385,498	371,472

(a) Investment properties relate to the shop units within Raffles Hospital Building, units of commercial space within Samsung Hub and Raffles Holland V that are leased to external parties. Each of the leases contains an initial non-cancellable period of 1 to 10 years. This is subject to the terms and conditions of the lease agreements entered into and subsequent renewals are negotiated with the respective lessee. These properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(b) Investment properties under development relate to properties development expenditure for Raffles Hospital Extension, Raffles Medical Shanghai Hospital Project and Raffles Medical Chongqing Hospital Project. Investment properties under development are accounted for using the cost model until the earlier of the date on which fair value of the property can be measured reliably or the date on which the development is completed.

(c) As at 31 December 2017, investment properties under development amounted to $247,188,000 (2016: $236,292,000). Included in this amount are capitalised borrowing costs calculated using a capitalisation rate of 1.50% (2016: 1.54%) and staff costs related to the construction of the properties of $687,000 and $6,168,000, respectively (2016: $452,000 and $3,753,000).

Investment properties under development:

Description/Location	Tenure	Expected date of completion	Site area (sq m)	Group's effective interest
Extension of Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	2018	1,978.1	100%
Raffles Medical Shanghai Hospital Project, located at China Shanghai Pilot Free Trade Zone, Ji Yang Road 688-4-101	50 years commencing from 31/10/2015	2019	12,455.5	70%
Raffles Medical Chongqing Hospital Project, located at 020-3/06 Dazhulin, Liangjiang New District, Chongqing, China	40 years commencing from 10/08/2017	2018	27,595.0	100%

Notes to the Financial Statements

Year ended 31 December 2017

6. Investment properties (cont'd)

Investment properties:

Description/Location	Tenure	Gross Floor Area (sq m)
Units within Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	284.4 (2016: 284.4)
Units within Samsung Hub, located at 3 Church Street, Singapore 049483	999 years commencing from 25/01/1827	491.0 (2016: 491.0)
Units within Raffles Holland V, located at 118 Holland Avenue, Singapore 278997	99 years commencing from 18/01/1985	4,981.1 (2016: 4,981.1)

Measurement of fair value

(i) Fair value hierarchy

Investment properties and investment properties under development that are measured at fair value are stated at fair value based on valuation performed by independent professional valuers, Jones Lang LaSalle Property Consultants Pte. Ltd. (2016: Jones Lang LaSalle Property Consultants Pte. Ltd.), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The valuers have considered valuation techniques including the capitalisation and term and reversion approaches in arriving at the open market value as at the reporting date.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The term and reversion approach capitalises net rental income on a fully leased basis with regards to the current passing rental income from existing tenancies and potential future reversionary income at the market level.

The fair value measurement for investment properties of $284,510,000 (2016: $135,180,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

Notes to the Financial Statements

Year ended 31 December 2017

6. Investment properties (cont'd)

Measurement of fair value (con'td)

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Group	
	2017 $'000	2016 $'000
At 1 January	135,180	133,895
Reclassification to property, plant and equipment (note 4)	(119,800)	(5,658)
Additions	266,045	5,413
Gain included in other operating income		
– Changes in fair value	3,085	1,530
At 31 December	284,510	135,180

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation and discounted cash flow approach	• Capitalisation rates 4.0% to 6.5% (2016: 4.0% to 7.0%) • Discount rates 7.5% to 7.75% (2016: 7.5% to 8.0%) • Terminal yield rates 4.25% to 5.6% (2016: 4.25% to 5.75%)	The estimated fair value varies inversely against the capitalisation rates and discount rates.
Term and reversion approach	• Term and reversion rate of 3.5% (2016: 3.5%)	The estimated fair value varies inversely against the term and reversion rate.

Notes to the Financial Statements

Year ended 31 December 2017

7. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

	At 1 January 2016	Recognised in profit or loss (note 18)	Exchange differences	At 31 December 2016	Recognised in profit or loss (note 18)	Exchange differences	At 31 December 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax assets							
Property, plant and equipment	(71)	5	(1)	(67)	(18)	5	(80)
Unutilised tax losses	(259)	–	11	(248)	(693)	–	(941)
Other items	(460)	330	8	(122)	117	1	(4)
	(790)	335	18	(437)	(594)	6	(1,025)
Deferred tax liabilities							
Property, plant and equipment	3,623	394	–	4,017	371	–	4,388
Intangible assets	1,264	(87)	(121)	1,056	(91)	(17)	948
Other items	(225)	5	–	(220)	(246)	–	(466)
	4,662	312	(121)	4,853	34	(17)	4,870

Notes to the Financial Statements

Year ended 31 December 2017

7. Deferred tax assets and liabilities (cont'd)

	At 1 January 2016	Recognised in profit or loss	At 31 December 2016	Recognised in profit or loss	At 31 December 2017
	$'000	$'000	$'000	$'000	$'000
Company					
Deferred tax liabilities					
Property, plant and equipment	668	117	785	195	980
Other items	(66)	3	(63)	(18)	(81)
	602	120	722	177	899

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017	2016
	$'000	$'000
Tax losses	7,580	6,165

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

8. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables	59,075	51,680	17,577	13,312
Allowance for doubtful receivables	(3,329)	(3,743)	(523)	(621)
Net receivables	55,746	47,937	17,054	12,691
Deposits	5,412	5,339	2,572	2,913
Staff loans	582	1,582	398	691
Other receivables	26,452	48,380	–	4
Amounts due from subsidiaries:				
– trade	–	–	29,599	14,735
– non-trade (see note below)	–	–	81,908	79,135
	88,192	103,238	131,531	110,169
Prepayments	2,127	2,881	758	723
	90,319	106,119	132,289	110,892
Non-current	3,060	4,711	7,663	7,658
Current	87,259	101,408	124,626	103,234
	90,319	106,119	132,289	110,892

Notes to the Financial Statements

Year ended 31 December 2017

8. Trade and other receivables (cont'd)

	Company 2017 $'000	Company 2016 $'000
Amounts due from subsidiaries (non-trade)	84,008	81,235
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	81,908	79,135

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Other receivables relate mainly to amount owing by related parties of non-controlling interests of subsidiaries acquired in 2015. These amounts are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 16.

9. Cash and cash equivalents

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Fixed deposits	37,855	81,138	2,765	29,516
Cash at bank and in hand *	60,415	30,745	2,951	3,103
	98,270	111,883	5,716	32,619

* Includes interest-bearing cash deposit

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 1.19% (2016: 0.97%) and 1.00% (2016: 0.96%) respectively. Interest rates re-price at intervals of one week to four months.

10. Capital and reserves

Share capital

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Fully paid ordinary shares, with no par value:				
At 1 January	1,748,164	314,165	575,034	286,366
Additional shares from Share Split [1]	–	–	1,153,409	–
Issue of shares under scrip dividend	16,475	20,758	14,379	20,706
Issue of shares under share option scheme	6,400	5,278	5,342	7,093
At 31 December	1,771,039	340,201	1,748,164	314,165

[1] On 11 May 2016, the Company completed a proposed share split of every one (1) existing share held by shareholders into three (3) shares in the capital of the Company (Share Split). For comparative purposes, the weighted average number of shares for 2016 has been adjusted for the Share Split (note 19).

Notes to the Financial Statements

Year ended 31 December 2017

10. Capital and reserves (cont'd)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 11 May 2016, the Company completed the share split exercise of every one (1) share into three (3) ordinary shares which resulted in an increase in the number of ordinary shares from 576,704,749 to 1,730,114,247.

During the financial year, the Company issued 16,474,652 shares at $1.26 per share (2016: 14,379,071 shares at $1.44 per share) to shareholders in lieu of cash dividends of 1.5 cents (2016: 1.5 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

Pursuant to the option plans i.e. RMG 2000 Scheme and RMG 2010 Scheme, a total of 6,400,000 (2016: 8,684,000) new fully-paid ordinary shares were also issued during the year for cash by the Company as follows:

Date of Grant	Exercise price*	No. of Shares	
	$	2017	2016*
03/04/2006	0.24	–	126,000
02/04/2007	0.38	228,000	396,000
01/04/2008	0.41	201,000	438,000
01/04/2009	0.26	671,000	429,000
01/04/2010	0.55	563,000	594,000
01/04/2011	0.73	501,000	1,413,000
02/04/2012	0.78	1,460,000	1,501,000
01/04/2013	1.09	1,020,000	1,714,000
01/04/2014	1.07	1,218,000	2,073,000
01/04/2015	1.31	538,000	–
		6,400,000	8,684,000

* After adjustment for Share Split.

Unissued ordinary shares of the Company under options granted to eligible directors and employees under the Company's Employee Share Option Scheme are disclosed in note 11.

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Translation reserve	(4,376)	(4,092)	–	–
Share option reserve	26,194	23,745	26,194	23,745
Revaluation reserve	1,712	1,712	–	–
Other reserve	(4,714)	(8,543)	–	–
Accumulated profits	375,033	339,401	242,156	219,149
	393,849	352,223	268,350	242,894

Notes to the Financial Statements

Year ended 31 December 2017

10. Capital and reserves (cont'd)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

Other reserve

Other reserve relates to present value of the exercise price of written put option arising from the call and put options entered with the non-controlling shareholders (see note 14).

11. Employee share options

RMG 2000 Scheme

On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. The Scheme was administered by the Committee comprising four directors, Mr Koh Poh Tiong, Mr Eric Ang Teik Lim, Dr Wee Beng Geok and Professor Lim Pin.

Information regarding the scheme is as follows:

(i) Subscription price:

   (a) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options; or

   (b) The discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

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Year ended 31 December 2017

11. Employee share options (cont'd)

RMG 2010 Scheme

At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

Information regarding the scheme is as follows:

(i) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

(a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above; and

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme); or

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme. The Scheme is administered by the Committee comprising four directors, Mr Koh Poh Tiong, Mr Eric Ang Teik Lim, Dr Wee Beng Geok and Professor Lim Pin.

Notes to the Financial Statements

Year ended 31 December 2017

11. Employee share options (cont'd)

RMG 2010 Scheme (cont'd)

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2017 $	No. of options 2017 '000	Weighted average exercise price 2016 $	No. of options 2016 '000
Outstanding at 1 January	1.101	62,806	2.963	20,544
Adjustment for Share Split	–	–	–	44,582
Granted during the year	1.420	5,000	4.510	3,500
Forfeited/expired during the year	0.906	(520)	0.787*	(478)
Exercised during the year	0.825	(6,400)	1.328*	(5,342)
Outstanding at 31 December	1.158	60,886	1.101*	62,806
Exercisable at 31 December	1.030	41,625	0.900*	35,803

* After adjustment for Share Split.

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2017 resulted in 6,400,000 ordinary shares being issued at weighted average exercise price of $0.825 each.

In 2017, 520,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of $0.906 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $1.29 (2016: $1.49) per share.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Date of grant of options	Expiry date	Exercise price* $	Options outstanding 2017 '000	Options outstanding 2016* '000
02/04/2007	01/04/2017	0.38	–	306
01/04/2008	31/03/2018	0.41	315	525
01/04/2009	31/03/2019	0.26	820	1,536
01/04/2010	31/03/2020	0.55	2,032	2,595
01/04/2011	31/03/2021	0.73	2,799	3,306
02/04/2012	01/04/2017	0.78	–	555
02/04/2012	01/04/2022	0.78	5,421	6,329
01/04/2013	31/03/2018	1.09	840	840
01/04/2013	31/03/2023	1.09	8,222	9,287
01/04/2014	31/03/2019	1.07	990	1,230
01/04/2014	31/03/2024	1.07	9,951	11,226
01/04/2015	31/03/2020	1.31	1,485	1,485
01/04/2015	31/03/2025	1.31	12,611	13,149
01/04/2016	31/03/2021	1.50	1,002	1,002
01/04/2016	31/03/2026	1.50	9,435	9,435
03/04/2017	02/04/2022	1.42	625	–
03/04/2017	02/04/2027	1.42	4,338	–
			60,886	62,806

* After adjustment for Share Split.

Notes to the Financial Statements

Year ended 31 December 2017

11. Employee share options (cont'd)

RMG 2010 Scheme (cont'd)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Option Pricing model.

	Group	
Date of grant of options	**03/04/2017**	**01/04/2016**[(1)]
Fair value of share options and assumptions		
Fair value at measurement date	\$0.213 – \$0.252	\$0.872 – \$1.011
Share price	\$1.43	\$4.54
Exercise price	\$1.42	\$4.51
Expected volatility	17.44%	22.58%
Expected option life	4.0 – 5.9 years	4.0 – 5.6 years
Expected dividend yield	1.33%	1.27%
Risk-free interest rate	2.09%	2.44%

(1) Fair value of share options were calculated before Share Split.

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

12. Loans and borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	\$'000	**\$'000**	**\$'000**	**\$'000**
Non-current liabilities				
Unsecured bank loans	38,000	16,947	–	–
Current liabilities				
Unsecured bank loans	41,204	13,451	37,262	9,518

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 16.

Notes to the Financial Statements

Year ended 31 December 2017

12. Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2017 Face value	2017 Carrying amount	2016 Face value	2016 Carrying amount
		%		$'000	$'000	$'000	$'000
Group							
Unsecured bank loan	S$	0.75% + SGDSOR	2017 – 2019	42,000	41,942	21,000	20,880
Unsecured bank loan	HK$	1.64	2018	7,195	7,195	–	–
Unsecured bank loan	US$	2.08	2018	663	663	–	–
Unsecured bank loan	JPY	0.69	2018	1,387	1,387	–	–
Unsecured bank loan	S$	1.38	2018	28,017	28,017	–	–
Unsecured bank loan	HK$	1.58	2017	–	–	7,744	7,744
Unsecured bank loan	US$	1.50	2017	–	–	1,143	1,143
Unsecured bank loan	JPY	0.73	2017	–	–	631	631
Total interest-bearing liabilities				79,262	79,204	30,518	30,398
Company							
Unsecured bank loan	HK$	1.64	2018	7,195	7,195	–	–
Unsecured bank loan	US$	2.08	2018	663	663	–	–
Unsecured bank loan	JPY	0.69	2018	1,387	1,387	–	–
Unsecured bank loan	S$	1.38	2018	28,017	28,017	–	–
Unsecured bank loan	HK$	1.58	2017	–	–	7,744	7,744
Unsecured bank loan	US$	1.50	2017	–	–	1,143	1,143
Unsecured bank loan	JPY	0.73	2017	–	–	631	631
Total interest-bearing liabilities				37,262	37,262	9,518	9,518

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities: Loans and borrowings	Liabilities: Loan due to subsidiary's non-controlling interest	Liabilities: Total
	$'000	$'000	$'000
Group			
Balance as at 1 January 2017	30,398	2,053	32,451
Changes from financing cash flows			
Proceeds from bank loans	236,219	–	236,219
Proceeds from loan due to subsidiary's non-controlling interest	–	233	233
Repayment of bank loans	(186,721)	–	(186,721)
Total changes from financing cash flows	49,498	233	49,731
The effect of changes in foreign exchange rates	(692)	(82)	(774)
Balance as at 31 December 2017	79,204	2,204	81,408

Notes to the Financial Statements

Year ended 31 December 2017

13. Trade and other payables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	37,831	56,227	3,836	3,089
Accrued operating expenses	59,206	50,143	8,569	8,851
Amounts due to subsidiaries:				
– trade	–	–	11,164	9,117
– non-trade	–	–	26,113	11,957
Loan due to subsidiary's non-controlling interest	2,204	2,053	–	–
Deferred income	1,092	1,545	–	–
Deposits received	2,512	2,058	264	223
Other payables	38,562	37,099	3,579	3,538
	141,407	149,125	53,525	36,775
Non-current	15,102	4,397	58	96
Current	126,305	144,728	53,467	36,679
	141,407	149,125	53,525	36,775

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Loan due to subsidiary's non-controlling interest is unsecured, bears interest at 3% per annum and is repayable on demand.

Other payables relate mainly to amount due to related parties of non-controlling interests of subsidiaries acquired in 2015. These amounts are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

14. Other financial liabilities

	Group	
	2017 $'000	2016 $'000
Present value of the exercise price of written put options	4,714	8,543
Non-current	1,773	8,377
Current	2,941	166
	4,714	8,543

The Group has a written call and put options with the non-controlling shareholders of certain subsidiaries. These call options provide the Group the right to require the non-controlling shareholders to sell the shares owned by them, and put options provide the non-controlling shareholders the right to require the Group to acquire shares owned by them.

Notes to the Financial Statements

Year ended 31 December 2017

15. Insurance contract provisions

Analysis of movements in insurance contract provisions

	Group					
	2017			2016		
	Gross $'000	Reinsurers' share $'000	Net $'000	Gross $'000	Reinsurers' share $'000	Net $'000
At 1 January	29,986	(18,281)	11,705	37,541	(24,737)	12,804
Provision made	52,144	(24,220)	27,924	48,293	(14,951)	33,342
Provision used	(50,596)	22,104	(28,492)	(55,848)	21,407	(34,441)
At 31 December	31,534	(20,397)	11,137	29,986	(18,281)	11,705

The Group writes short-term group and individual health insurance contracts. Insurance contract provisions represent the Group's liabilities to the insured under insurance contracts whether reported or not reported as at the balance sheet date. Historical data collated by management were used for determining the expected ultimate claims liability. This data was also supplemented by externally available information on industry statistics and trends.

The monitoring and evaluation of claim is actively pursued with processes. This is to ensure the adequacy of the provisions required to meet the obligations of the Group's future liabilities. An external actuary performs regularly a valuation of the policy liabilities in accordance with the Monetary Authority of Singapore's regulations. The adequacy of the estimated policy liabilities are verified by the actuary.

Source of estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, future claims experience might deviate, possibly materially from the projections. Among other reasons, this is because the ultimate claim amount will be affected by future external events, for example, changes in the interpretation of policy conditions and the attitudes of claimants towards settlement of their claims.

16. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit & Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Guarantee

The Group's policy is to provide financial guarantees only for wholly-owned subsidiaries' liabilities. The maximum exposure of the Company in respect of the intra-group financial guarantee at the reporting date is disclosed in note 22.

Trade and other receivables

The Group has a credit policy in place which establishes credit limit for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on customers requiring credit over certain amount. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Credit risk (cont'd)

Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade and other receivables (excluding prepayments)	88,192	103,238	131,531	110,169
Cash and cash equivalents	98,270	111,883	5,716	32,619
	186,462	215,121	137,247	142,788

Impairment

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	Gross	Impairment losses	Gross	Impairment losses
	2017	2017	2016	2016
	$'000	$'000	$'000	$'000
Group				
No credit terms	26,757	–	52,304	–
Neither past due nor impaired	36,677	–	24,740	–
Past due 0 – 30 days	7,013	13	12,138	191
Past due 31 – 180 days	14,706	1,522	11,524	1,442
Past due 181 – 365 days	5,541	1,402	5,551	1,684
More than one year	827	392	724	426
	91,521	3,329	106,981	3,743
Company				
No credit terms	86,580	2,100	84,152	2,100
Neither past due nor impaired	37,813	–	20,528	–
Past due 0 – 30 days	2,849	–	3,337	–
Past due 31 – 180 days	5,521	–	3,514	–
Past due 181 – 365 days	1,391	523	1,359	621
	134,154	2,623	112,890	2,721

The Group and the Company believe that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Credit risk (cont'd)

Impairment (cont'd)

The movement in the allowance for impairment (net of recovery) in respect of trade and other receivables (excluding prepayments) during the year was as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At 1 January	3,743	2,722	2,721	2,553
Impairment loss recognised	1,481	1,028	701	428
Impairment loss utilised	(1,895)	(7)	(799)	(260)
At 31 December	3,329	3,743	2,623	2,721

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $98,270,000 and $5,716,000 respectively at 31 December 2017 (2016: $111,883,000 and $32,619,000 respectively) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated BB- to AA-, based on rating agency Standard & Poor's ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group has adequate undrawn unsecured credit facilities to meet its future operating activities and to finance and support the Group's contractual commitments.

The Group has contractual commitments to complete the development of the Raffles Hospital Extension, Raffles Medical Shanghai Hospital Project and Raffles Medical Chongqing Hospital Project (see note 22).

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	Between 1 and 5 years
	$'000	$'000	$'000	$'000
Group				
31 December 2017				
Non-derivative financial liabilities				
Unsecured bank loans	79,204	(80,002)	(41,949)	(38,053)
Other financial liabilities	4,714	(4,714)	(2,941)	(1,773)
Trade and other payables*	140,315	(140,315)	(125,213)	(15,102)
	224,233	(225,031)	(170,103)	(54,928)
31 December 2016				
Non-derivative financial liabilities				
Unsecured bank loans	30,398	(31,035)	(13,814)	(17,221)
Other financial liabilities	8,543	(8,543)	(166)	(8,377)
Trade and other payables*	147,580	(147,580)	(143,183)	(4,397)
	186,521	(187,158)	(157,163)	(29,995)
Company				
31 December 2017				
Non-derivative financial liabilities				
Unsecured bank loans	37,262	(37,310)	(37,310)	–
Trade and other payables*	53,525	(53,525)	(53,467)	(58)
	90,787	(90,835)	(90,777)	(58)
31 December 2016				
Non-derivative financial liabilities				
Unsecured bank loans	9,518	(9,531)	(9,531)	–
Trade and other payables*	36,775	(36,775)	(36,679)	(96)
	46,293	(46,306)	(46,210)	(96)

* Excludes deferred income

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Currency risk

The Group is exposed to currency risk on borrowings and inter-company balances, that are denominated in currencies other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Euro (EUR), Hong Kong Dollar (HKD), US Dollar (USD), Japanese Yen (JPY) and Singapore Dollar (SGD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	EUR $'000	HKD $'000	USD $'000	JPY $'000	SGD $'000
Group					
2017					
Trade and other receivables	131	–	14,314	–	61
Trade and other payables	(463)	–	(7,840)	–	(53)
Amount owing (to)/ from subsidiaries (net)	–	–	(7,376)	2,032	(3,143)
Loans and borrowings	–	(7,195)	(661)	(1,391)	–
	(332)	(7,195)	(1,563)	641	(3,135)
2016					
Trade and other receivables	124	–	23,101	–	49
Trade and other payables	(285)	–	(14,499)	–	(54)
Amount owing (to)/ from subsidiaries (net)	–	–	(8,168)	2,112	(1,086)
Loans and borrowings	–	(7,744)	(1,143)	(631)	–
	(161)	(7,744)	(709)	1,481	(1,091)

	HKD $'000	USD $'000	JPY $'000
Company			
2017			
Amount owing (to)/from subsidiaries (net)	–	1,159	1,391
Loan and borrowings	(7,195)	(661)	(1,391)
	(7,195)	498	–
2016			
Amount owing (to)/from subsidiaries (net)	–	1,730	631
Loan and borrowings	(7,744)	(1,143)	(631)
	(7,744)	587	–

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities would increase/(decrease) profit or loss by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2017 $'000	2016 $'000
Group		
EUR	(33)	(16)
HKD	(720)	(774)
USD	(156)	(71)
JPY	64	148
SGD	(314)	(109)
Company		
HKD	(720)	(774)
USD	50	59

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group		Company	
	Nominal amount		Nominal amount	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Fixed rate instruments				
Financial assets	37,855	81,138	2,765	29,516
Financial liabilities	(37,262)	(9,518)	(37,262)	(9,518)
Loan due to subsidiary's non-controlling interest	(2,204)	(2,053)	–	–
	(1,611)	69,567	(34,497)	19,998
Variable rate instruments				
Financial liabilities	(41,942)	(20,880)	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	Profit or loss		Profit or loss	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
31 December 2017				
Variable rate instruments	(419)	419	–	–
31 December 2016				
Variable rate instruments	(209)	209	–	–

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding NCI. The Board also monitors the levels of dividends to ordinary shareholders. In addition, the Board and senior management also monitors the Group's capital adequacy and insurance fund solvency levels against regulatory requirements.

To mitigate exposure to large risks underwritten that can impact the financial strength of the Group, it has put in place robust underwriting guidelines and reinsurance arrangements to control its insurance risk exposure. The Group further stress-tests its financial position and capital adequacy under various stress scenarios to assess its financial stability.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group has a scrip dividend scheme to provide an opportunity for ordinary shareholders to make an election to receive dividends in the form of shares, credited as fully paid up instead of cash. It will enable ordinary shareholders to participate in the equity capital of the Group without incurring brokerage fees, stamp duty and other related costs. The Group will also benefit from the participation by ordinary shareholders in the scheme as, to the extent that ordinary shareholders elect to receive dividend in the form of shares, the cash which would otherwise be payable by way of cash dividends may be retained to fund the growth and expansion of the Group. The issue of shares in lieu of cash dividends under the scheme will also enlarge the Group's share capital base and the retention of cash will strengthen its working capital position.

The Group has a defined share buy back plan to purchase its own shares on the market; the timing of these purchases depends on market prices.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, except for Raffles Health Insurance Pte Ltd which is required to comply with the regulatory capital requirement prescribed under the Singapore Insurance Act. Under the Risk-based Capital Framework regulation set by the Monetary Authority of Singapore (MAS), insurance companies are required to satisfy minimum prescribed capital adequacy ratio (CAR) and fund solvency ratio (FSR).

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables[#]	8	88,192	–	88,192				
Cash and cash equivalents	9	98,270	–	98,270				
		186,462	–	186,462				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(79,204)	(79,204)	–	(79,262)	–	(79,262)
Trade and other payables*	13	–	(140,315)	(140,315)				
Other financial liabilities	14	–	(4,714)	(4,714)	–	–	(4,714)	(4,714)
		–	(224,233)	(224,233)				
31 December 2016								
Financial assets not measured at fair value								
Trade and other receivables[#]	8	103,238	–	103,238				
Cash and cash equivalents	9	111,883	–	111,883				
		215,121	–	215,121				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(30,398)	(30,398)	–	(30,518)	–	(30,518)
Trade and other payables*	13	–	(147,580)	(147,580)				
Other financial liabilities	14	–	(8,543)	(8,543)	–	–	(8,543)	(8,543)
		–	(186,521)	(186,521)				

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables#	8	131,531	–	131,531				
Cash and cash equivalents	9	5,716	–	5,716				
		137,247	–	137,247				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(37,262)	(37,262)	–	(37,262)	–	(37,262)
Trade and other payables*	13	–	(53,525)	(53,525)				
		–	(90,787)	(90,787)				
31 December 2016								
Financial assets not measured at fair value								
Trade and other receivables#	8	110,169	–	110,169				
Cash and cash equivalents	9	32,619	–	32,619				
		142,788	–	142,788				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(9,518)	(9,518)	–	(9,518)	–	(9,518)
Trade and other payables*	13	–	(36,775)	(36,775)				
		–	(46,293)	(46,293)				

Excludes prepayments

* Excludes deferred income

Notes to the Financial Statements

Year ended 31 December 2017

16. Financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 3 fair values.

Financial instrument not measured at fair value

Type	Valuation techniques
Group and Company	
Other financial liabilities – non-current payables, loans and borrowings and put options	*Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate*
Other receivables – non-current receivables	*Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate*

Non-current loans and borrowings

The carrying amounts of floating interest bearing loans, which are repriced within 1 month from the reporting date, reflect the corresponding fair values.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Transfer between fair values hierarchies

There is no transfer between the fair value hierarchies during the financial year.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for level 3 fair values:

Group	Put options $'000
At 1 January 2016	8,790
Changes in exercise price of written put options	(247)
At 31 December 2016	8,543
Changes in exercise price of written put options	(3,829)
At 31 December 2017	4,714

Notes to the Financial Statements

Year ended 31 December 2017

17. Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
	2017	2016
	$'000	$'000
Allowance for doubtful receivables	1,481	1,028
Changes in fair value in investment properties	(3,085)	(1,530)
Contributions to defined contribution plans	15,629	13,363
Loss on disposal of property, plant and equipment, net	10	–
Write-off for stock obsolescence	155	175
Interest expense		
– bank loans	191	147
– finance lease	13	7
Interest income	(936)	(1,138)
Audit fees paid to:		
– auditors of the Company	182	176
– other auditors	62	101
Non-audit fees paid to:		
– auditors of the Company	16	25
– other auditors	7	23
Property, plant and equipment written-off	143	154
Foreign exchange loss	134	566
Value of employee services received for issue of share options, included in staff costs	2,449	2,656

18. Tax expense

	Group	
	2017	2016
	$'000	$'000
Tax recognised in profit or loss		
Current tax expense		
Current year	12,463	14,289
Adjustment for prior years	254	48
	12,717	14,337
Deferred tax expense		
Movements in temporary differences	(617)	583
Adjustment for prior years	57	64
	(560)	647
Tax expense	12,157	14,984

Notes to the Financial Statements

Year ended 31 December 2017

18. Tax expense (cont'd)

	Group	
	2017	**2016**
	$'000	**$'000**
Reconciliation of effective tax rate		
Profit before tax	80,818	82,930
Tax using the Singapore tax rate of 17% (2016: 17%)	13,739	14,098
Effect of tax rates in foreign jurisdiction	(557)	202
Non-deductible expenses	984	1,224
Tax exempt income	(830)	(530)
Tax incentives	(1,732)	(1,452)
Tax effect of unrecognised tax losses	1,489	1,401
Utilisation of tax loss	(412)	(270)
Under provided in prior years	311	112
Others	(835)	199
	12,157	14,984

The Company intends to utilise the unabsorbed tax losses and capital allowances of $688,000 (2016: $86,000) of other subsidiaries in the same group under the group relief system, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore.

19. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2017 was based on the profit attributable to ordinary shareholders of $70,779,000 (2016: $70,210,000), and a weighted-average number of ordinary shares outstanding of 1,760,971,541 (2016: 1,737,798,111), calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2017	**2016**
	$'000	**$'000**
Profit attributable to ordinary shareholders	70,779	70,210

Notes to the Financial Statements

Year ended 31 December 2017

19. Earnings per share (cont'd)

Basic earnings per share (cont'd)

Weighted-average number of ordinary shares

	Group	
	2017 No. of shares '000	2016 No. of shares '000
Issued ordinary shares at beginning of the year[1]	1,748,164	1,725,101
Effect of scrip dividend shares issued	8,395	7,347
Effect of share options exercised	4,413	5,350
Weighted average number of ordinary shares during the year[1]	1,760,972	1,737,798

[1] For comparative purposes, the number of ordinary shares for 2016 has been adjusted for Share Split (note 10).

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2017 was based on profit attributable to ordinary shareholders of $70,779,000 (2016: $70,210,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,770,760,550 (2016: 1,753,819,285), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	Group	
	2017 $'000	2016 $'000
Profit attributable to ordinary shareholders	70,779	70,210

Weighted-average number of ordinary shares

	Group	
	2017 No. of shares '000	2016 No. of shares '000
Weighted average number of ordinary share (basic)	1,760,972	1,737,798
Potential ordinary shares issuable under share options	9,789	16,021
Weighted average number of ordinary shares (diluted) during the year	1,770,761	1,753,819

At 31 December 2017, 17,305,000 options (2016: 10,437,000) were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Notes to the Financial Statements

Year ended 31 December 2017

20. Operating segments

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairman reviews internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

Healthcare services	:	The operations of medical clinics and other general medical services; provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services.
Hospital services	:	The provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre.
Investment holdings	:	Investment holding and those relating to investment properties.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities operating within these businesses.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise current tax and deferred tax liabilities and assets.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical information

The Group operates principally in Singapore. Contributions from other individual overseas operations are not significant and are therefore not disclosed.

Notes to the Financial Statements

Year ended 31 December 2017

20. Operating segments (cont'd)

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses								
Revenue	206,574	209,909	291,807	285,318	21,418	17,688	519,799	512,915
Inter-segment revenue	3,232	3,037	23,438	21,537	15,546	14,733	42,216	39,307
Finance expenses	(204)	(154)	–	–	–	–	(204)	(154)
Depreciation and amortisation	(5,012)	(4,696)	(5,652)	(5,702)	(206)	(202)	(10,870)	(10,600)
Reportable segment profit before tax	6,539	14,455	62,479	61,422	15,922	11,118	84,940	86,995
Reportable segment assets	768,789	714,005	168,032	141,131	753,146	591,293	1,689,967	1,446,429
Capital expenditure	8,236	9,990	4,788	3,702	134,281	34,678	147,305	48,370
Reportable segment liabilities	159,282	150,004	90,080	64,662	559,167	467,701	808,529	682,367

Notes to the Financial Statements

Year ended 31 December 2017

20. Operating segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2017 $'000	2016 $'000
Revenues		
Total revenue for reportable segments	519,799	512,915
Elimination of inter-segment revenue	(42,216)	(39,307)
Consolidated revenue	477,583	473,608
Profit or loss		
Total profit for reportable segments	84,940	86,995
Adjustment for depreciation of property, plant and equipment	(4,122)	(4,065)
Consolidated profit before tax	80,818	82,930
Assets		
Total assets for reportable segments	1,689,967	1,446,429
Elimination of inter-segment assets	(685,131)	(546,235)
Unallocated amounts-current tax and deferred tax assets	1,025	437
Consolidated total assets	1,005,861	900,631
Liabilities		
Total liabilities for reportable segments	808,529	682,367
Elimination of inter-segment liabilities	(572,067)	(482,596)
Unallocated amounts-current tax and deferred tax liabilities	17,774	19,016
Consolidated total liabilities	254,236	218,787

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2017			
Depreciation and amortisation	10,870	4,122	14,992
2016			
Depreciation and amortisation	10,600	4,065	14,665

The Group's properties at Raffles Holland V and Raffles Hospital are owned by its subsidiaries and classified as investment properties in the subsidiaries' standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated financial statements, a portion of these properties are reclassified from investment properties to property, plant and equipment as these properties are used in the supply of medical services by the Group. Accordingly, the carrying values of these properties are depreciated over their useful lives in the consolidated financial statements of the Group.

The amount of $4,122,000 (2016: $4,065,000) relates to the depreciation of these properties for the year ended 31 December 2017.

Notes to the Financial Statements

Year ended 31 December 2017

20. Operating segments (cont'd)

Major customer

There is no customer within the segments that represents more than 10% of the Group's revenue.

21. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Within 1 year	10,975	11,360	5,415	6,666
Between 1 and 5 years	11,532	14,290	4,790	6,838
More than 5 years	1,277	1,404	–	–
	23,784	27,054	10,205	13,504

The leases typically run for an initial period of 3 to 10 years, with an option to renew the lease after that date. For renewed leases, the lease payments are determined based on the prevailing market rent at the point of renewal.

Leases as lessor

The Group leases out its investment properties. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2017	2016
	$'000	$'000
Within 1 year	6,639	6,108
Between 1 and 5 years	11,147	14,104
More than 5 years	–	481
	17,786	20,693

During the year, $6,468,000 (2016: $4,305,000) was recognised as rental income pertaining to investment properties held by the Group. Direct expenses in relation to this rental income were as follows:

	Group	
	2017	2016
	$'000	$'000
Income-generating property	1,560	840

Notes to the Financial Statements

Year ended 31 December 2017

22. Commitments and contingent liabilities

At 31 December 2017, commitments contracted but not provided for by the Group in the financial statements amounted to $155,615,000 (2016: $100,195,000). This relates to properties development expenditure for Raffles Hospital Extension, Raffles Medical Shanghai Hospital Project, Raffles Medical Chongqing Hospital Project and the development of a new insurance management system.

The maximum exposure of the Company in respect of the intra-group financial guarantee for the facilities drawn down by subsidiary is $42,000,000 (2016: $21,000,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

In 2016, the Group pledged to donate $1,000,000 to the National Kidney Foundation (NKF) to set up Raffles NKF Renal Wellness Centre in Raffles Hospital. The Group donated $400,000 to NKF during the year 2017. The Group is also committed to donate $4,000,000 by awarding 40 university scholarships over the next five years.

23. Transactions with key management personnel

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executives.

Key management personnel participate in the Employee Share Option Scheme. 1,065,000 (2016: 2,382,000) share options were granted to the key management personnel of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 11. At the reporting date, 9,207,000 (2016: 9,177,000) of the share options granted to the directors of the Company were outstanding.

Key management personnel compensation comprised:

	Group	
	2017	**2016**
	$'000	**$'000**
Short-term employee benefits	12,733	13,374
Directors' fees	444	446
Share-based benefits	461	475
	13,638	14,295

24. Subsidiaries

	Company	
	2017	**2016**
	$'000	**$'000**
Investments in subsidiaries	44,065	43,096
Amounts due from subsidiaries	507,066	408,335
	551,131	451,431

Notes to the Financial Statements

Year ended 31 December 2017

24. Subsidiaries (cont'd)

Amounts due from subsidiaries form part of the Company's net investment in subsidiaries. The amounts due from subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in the entities, they are stated at cost, less accumulated impairment loss.

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2017 %	2016 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
[1] Raffles Medical Properties Pte Ltd and its subsidiaries:	Property owner and investment holding	Singapore	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
[1] MP Clementi Pte Ltd	Investment holding	Singapore	100	100
[1] RM Network Pte. Ltd.	Management consultancy services for healthcare organisations	Singapore	100	–
[1] Raffles Research Labs Pte Ltd	Research & experimental development on Biotechnology, Life & Medical Science	Singapore	100	100
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd and its subsidiaries:	Operation of medical clinics, provision of medical services and investment holding	Singapore	80	80
[2] RJC Ltd and its subsidiaries:	Investment holding	Japan	80	80
[2] RSM Ltd and its subsidiary:	Provision of medical support and consultancy services	Japan	40.8	40.8
[2] Zui Wa Kai Medical Corporation	Operation of medical clinics and provision of medical services	Japan	– [13]	– [13]
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1] Aptitude [2003] Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
[4] Raffles Healthcare Management (China) Limited	Provision of hospital management and hospital management consultancy services	Hong Kong	100	–

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Year ended 31 December 2017

24. Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2017 %	2016 %
[1] Raffles Medical International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
[4] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Investment holding and provision of medical and dental services	Hong Kong	100	100
[4] Coors Consultants Limited	Provision of consultancy services	Hong Kong	100	100
[4] Medical Properties Co. Limited	Investment holding, provision of medical services and hospital operation	Hong Kong	100	100
[12] Anzheng (Chongqing) Hospital Co. Ltd.	Property owner	China	100	–
[12] ShenAn (Chongqing) Hospital Co. Ltd.	Hospital management and operations	China	100	–
[4] Raffles Medical Services (HK) Limited	Provision of medical services	Hong Kong	100	–
[5] Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	100
[5] Shanghai Ruihe Clinic Co. Ltd	Operation of medical clinics and provision of medical services	China	– [13]	– [13]
[1] Raffles Health Insurance Pte Ltd	Provision of health and related insurance	Singapore	100	100
[2] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[3]	100[3]
[1] Raffles SurgiCentre Pte Ltd and its subsidiaries:	Provision of general and specialised medical services, operation of a hospital and investment holding	Singapore	100	100
[6] International SOS (MC Holdings) Pte Ltd and its subsidiaries:	Provision of the usage of trade name, trademark and administration, training, network services and marketing services to related companies, and investment holding	Singapore	55	55
[7] Beijing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	55
[7] Nanjing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	55
[7] Tianjin International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	55
[8] International SOS Vietnam Co., Ltd.	Provides medical consultation and evacuation services	Vietnam	55	55
[9] Lifetime Health Limited Liability Company	Provides medical examination and treatment through its international polyclinics and specialty clinics	Vietnam	55	–

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Year ended 31 December 2017

24. Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2017 %	Effective equity interest held by the Group 2016 %
[10] AEA International SOS (Cambodia) Ltd	Provides medical services through operation of medical clinics	Cambodia	55	55
[4] International SOS (HK) Limited and its subsidiary:	Provision of medical emergency assistance services, the sale of medical kits and investment holding	Hong Kong	55	55
[11] Shenzhen International SOS Clinic	Provision of clinical services	China	55	55
[1] Raffles Medical China Pte Ltd and its subsidiaries:	Investment holding and provision of medical services and hospital operation	Singapore	100	100
[2] Shenzhen Investments Pte Ltd	Investment holding (dormant)	Singapore	100	100
[1] Shanghai Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[12] Shanghai Qihua Hospital Co. Ltd.	Property owner	China	70	70
[1] RMG Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1] Asian Healthcare Capital Management Pte Ltd	Property owner	Singapore	100	100
[2] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

[1] *Audited by KPMG LLP, Singapore*

[2] *Not required to be audited*

[3] Shares of this subsidiary are partially held in trust by a director of the subsidiary

[4] Audited by Lawrence Cheung C.P.A. Company Limited, Hong Kong

[5] Audited by Shanghai Deking Certified Public Accountants Co., Ltd

[6] Audited by Ernst & Young LLP, Singapore for the financial year ended 30 June 2016. The Company has changed its financial year to 31 December and has appointed KPMG LLP, Singapore as its auditor in February 2017.

[7] Audited by Horizon CPA Limited

[8] Audited by Ernst & Young Vietnam Limited

[9] *Audited by KPMG Limited, Ho Chi Minh City*

[10] *Audited by BDO (Cambodia) Limited*

[11] *Audited by Beijing Yongtuo Certified Public Accountants LLP*

[12] *Audited by BDO China Shu Lun Pan Certified Public Accountants LLP*

[13] *The Group does not hold any ownership interests in two structured entities, Shanghai Ruihe Clinic Co. Ltd and Zui Wa Kai Medical Corporation. However, based on the terms of agreements under which these entities were established, the Group receives substantially all of the returns related to their operations and net assets and has the current ability to direct these entities' activities that most significantly affect these returns. Because the owners' interests in these entities are presented as liabilities of the Group, there are no non-controlling interests for these entities.*

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

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Year ended 31 December 2017

24. Subsidiaries (cont'd)

Non-controlling interests in subsidiaries

The following subsidiaries have non-controlling interests (NCI) that are material to the Group.

Name	Principal places of business/ Country of incorporation	Ownership interests held by NCI 2017	2016
Raffles Japanese Clinic Pte Ltd (RJC)	Singapore	20%	20%
International SOS (MC Holdings) Pte Ltd (MCH)	Singapore	45%	45%
Shanghai Qihua Hospital Co. Ltd (SQH)	China	30%	30%

The following summarised financial information for the above subsidiaries are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	RJC $'000	MCH $'000	SQH $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2017						
Revenue	17,842	38,440	–			
Profit/(Loss)	1,654	(3,733)	73			
OCI	–	442	(574)			
Total comprehensive income	1,654	(3,291)	(501)			
Attributable to NCI:						
– Profit/(Loss)	331	(1,680)	22	(791)	–	(2,118)
– OCI	–	199	(172)	88	–	115
– **Total comprehensive income**	331	(1,481)	(150)	(703)	–	(2,003)
Non-current assets	1,335	6,105	54,237			
Current assets	16,240	32,927	22,563			
Non-current liabilities	(165)	–	(20,776)			
Current liabilities	(5,195)	(36,961)	(1,262)			
Net assets	12,215	2,071	54,762			
Net assets attributable to NCI	2,443	932	16,429	(2,129)	(100)	17,575
Cash flows (used in)/from operating activities	(7,253)	600	(495)			
Cash flows used in investing activities	(1,285)	(710)	(12,661)			
Cash flows from financing activities	–	–	34,557			
Net (decrease)/increase in cash and cash equivalents	(8,538)	(110)	21,401			

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Year ended 31 December 2017

24. Subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

	RJC	MCH	SQH	Other individually immaterial subsidiaries	Intra-group elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2016						
Revenue	17,027	42,334	–			
Profit/(Loss)	2,289	(3,499)	(22)			
OCI	–	(1,173)	(1,907)			
Total comprehensive income	2,289	(4,672)	(1,929)			
Attributable to NCI:						
– Profit/(Loss)	458	(1,575)	(7)	(1,140)	–	(2,264)
– OCI	–	(528)	(572)	14	–	(1,086)
– **Total comprehensive income**	458	(2,103)	(579)	(1,126)	–	(3,350)
Non-current assets	905	7,034	41,278			
Current assets	13,341	57,447	1,065			
Non-current liabilities	(79)	–	–			
Current liabilities	(3,606)	(59,119)	(970)			
Net assets	10,561	5,362	41,373			
Net assets attributable to NCI	2,112	2,413	12,412	(1,422)	(59)	15,456
Cash flows from/(used in) operating activities	2,832	3,556	(45)			
Cash flows used in investing activities	(675)	(230)	(305)			
Cash flows used in financing activities	(580)	–	–			
Net increase/(decrease) in cash and cash equivalents	1,577	3,326	(350)			

25. Dividends

After the respective reporting dates, the directors proposed a one-tier tax exempt final dividend of 1.75 cents (2016: 1.5 cents) per share amounting approximately to $30,993,000 (2016: $26,222,000), which is based on the number of shares outstanding as at the end of the financial year. The dividends have not been provided for and there are no income tax consequences.

Shareholdings Statistics

As at 13 March 2018

Class of shares – Ordinary shares
Voting rights – 1 vote per ordinary share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 13 March 2018, approximately 41.4% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	314	2.10	13,873	0.00
100 – 1,000	1,122	7.53	694,348	0.04
1,001 – 10,000	8,350	56.02	45,106,079	2.55
10,001 – 1,000,000	5,080	34.08	216,156,142	12.20
1,000,001 and above	40	0.27	1,509,518,528	85.21
	14,906	100.00	1,771,488,970	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	648,710,637	36.62
2	Loo Choon Yong	175,652,891	9.92
3	DBS Nominees Pte Ltd	122,379,399	6.91
4	Citibank Nominees Singapore Pte Ltd	112,043,846	6.32
5	DBSN Services Pte Ltd	80,208,309	4.53
6	Raffles Nominees (Pte) Ltd	65,176,107	3.68
7	BPSS Nominees Singapore (Pte.) Ltd.	64,249,357	3.62
8	S & D Holdings Pte Ltd	57,400,178	3.24
9	HSBC (Singapore) Nominees Pte Ltd	35,058,163	1.98
10	UOB Nominees (2006) Pte Ltd	25,407,821	1.43
11	United Overseas Bank Nominees Pte Ltd	18,239,133	1.03
12	Tan Tiang Lee	14,013,583	0.79
13	Asian Medical Foundation Ltd	13,534,311	0.76
14	Yii Hee Seng	9,000,693	0.51
15	OCBC Nominees Singapore Pte Ltd	8,304,009	0.47
16	Phillip Securities Pte Ltd	5,779,204	0.32
17	Tan Soo Nan	4,536,000	0.26
18	UOB Kay Hian Pte Ltd	4,455,311	0.25
19	OCBC Securities Private Ltd	3,667,260	0.21
20	Wee Beng Geok	3,459,000	0.20
		1,471,275,212	83.05

The Company does not hold any treasury shares and there is no subsidiary holdings as at 13 March 2018.

Shareholdings Statistics

As at 13 March 2018

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Dr Loo Choon Yong[1]	175,781,718	9.92	733,097,786	41.39	908,879,504	51.31
Raffles Medical Holdings Pte Ltd	674,118,458	38.05	–	–	674,118,458	38.05
Standard Life Aberdeen plc[2]	–	–	117,938,581	6.66	117,938,581	6.66
Aberdeen Asset Management PLC[3]	–	–	117,938,581	6.66	117,938,581	6.66
Aberdeen Asset Management Asia Limited[4]	–	–	110,035,616	6.21	110,035,616	6.21

Notes:

1 *Dr Loo Choon Yong is deemed to be interested in an aggregate of 733,097,786 shares held through Raffles Medical Holdings Pte Ltd in which he is a director and shareholder of, S & D Holdings Pte Ltd in which he is a director and shareholder of, and his spouse, Mdm Leong Lai Chee.*

2 *Standard Life Aberdeen plc (SLA) is deemed to be interested in an aggregate of 117,938,581 shares held by various accounts managed by SLA and its subsidiaries, over which SLA and its subsidiaries have disposal over voting rights.*

3 *Aberdeen Asset Management PLC (AAM PLC), a wholly-owned subsidiary of SLA, is deemed to be interested in an aggregate of 117,938,581 shares held by various accounts managed by its subsidiaries, over which its subsidiaries have disposal over voting rights.*

4 *Aberdeen Asset Management Asia Limited (AAMAL), a wholly-owned subsidiary of AAM PLC, is deemed to be interested in an aggregate of 110,035,616 shares held by various accounts managed by AAMAL, over which AAMAL has disposal over voting rights.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at **Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, 1 Marina Boulevard, Singapore 018989** on **Friday, 27 April 2018** at **4.30 p.m.** for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as Ordinary Resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements for the year ended 31 December 2017 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a one-tier tax exempt Final Dividend of 1.75 Singapore cents per share for the year ended 31 December 2017 (2016: 1.5 Singapore cents per share). **[Resolution 2]**

3. To approve Directors' Fees ($343,100) for the year ended 31 December 2017 (2016: $377,000). **[Resolution 3]**

4. To re-elect Mr Tan Soo Nan, who is retiring by rotation in accordance with Article 93 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 4]**

5. To re-elect Mr Olivier Lim Tse Ghow, who is retiring by rotation in accordance with Article 93 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 5]**

6. To re-elect Professor Lim Pin, who is retiring by rotation in accordance with Article 93 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 6]**

7. To re-elect Dr Sarah Lu Qinghui, who is retiring in accordance with Article 92 of the Constitution of the Company, and who, being eligible, will offer herself for re-election. **[Resolution 7]**

8. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 8]**

AS SPECIAL BUSINESS

9. Authority to Allot and Issue Shares

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to:

(a) (i) Allot and issue shares and convertible securities in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) Make or grant offers, agreements or options (collectively, Instruments) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (Notwithstanding that the authority conferred by this Resolution may have ceased to be in force) Issue shares and convertible securities in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

9. Authority to Allot and Issue Shares (cont'd)

Provided That:

(1) The aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (Subject to such manner of calculation as may be prescribed by the SGX-ST) For the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) New shares arising from the conversion or exercise of convertible securities;

(ii) New shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which are outstanding or subsisting at the time this Resolution is passed; and

(iii) Any subsequent bonus issue or consolidation or sub-division of shares.

(3) In exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (Unless revoked or varied by the Company in general meeting) The authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. **[Resolution 9]**

10. Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group Share Option Scheme (the Scheme) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time. **[Resolution 10]**

11. The Proposed Renewal of Share Buy Back Mandate

That:

(a) For the purposes of Sections 76C and 76E of the Singapore Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (Shares), not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

Notice of Annual General Meeting

11. The Proposed Renewal of Share Buy Back Mandate (cont'd)

(i) An on-market purchase of Shares (On-Market Share Buy Back), transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted (Other Exchange), through one or more duly licensed stock brokers appointed by the Company for the purpose; and / or

(ii) An off-market purchase of Shares (Off-Market Equal Access Share Buy Back) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchanges as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the Share Buy Back Mandate);

(b) Unless varied or revoked by Shareholders in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) The date on which the next AGM of the Company is held or required by law to be held;

(ii) The date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buy Back Mandate are carried out to the full extent mandated; or

(iii) The date on which the authority conferred by the proposed Share Buy Back Mandate is revoked or varied by the Shareholders in a general meeting.

(c) In this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five market days, on which the Shares are transacted on the SGX-ST immediately preceding the date of an On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than five per cent (5%) above the Average Closing Market Price of the Shares, excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy Back;

"Maximum Percentage" means that the number of issued Shares representing ten per cent (10%) of the issued Shares of the Company as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings); and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) In the case of an On-Market Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Market Price (as defined above) of the Share; and

(ii) In the case of an Off-Market Equal Access Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Market Price of the Share; and

Notice of Annual General Meeting

11. The Proposed Renewal of Share Buy Back Mandate (cont'd)

(d) The Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **[Resolution 11]**

12. Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme

That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme. **[Resolution 12]**

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
4 April 2018

Notice of Annual General Meeting

Explanatory Notes:

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to $343,100 to all Directors as Directors' Fees for the year ended 31 December 2017.

In relation to Ordinary Resolution 4 above, Mr Tan Soo Nan will, upon re-election as Director of the Company, continue to serve as an Executive and Non-Independent Director of the Company.

In relation to Ordinary Resolution 5 above, Mr Olivier Lim Tse Ghow will, upon re-election as Director of the Company, remain as Non-Executive and Non-Independent Director of the Company.

In relation to Ordinary Resolution 6 above, Professor Lim Pin will, upon re-election as Director of the Company, remain as a member of the Nominating & Compensation Committee and will be considered independent.

In relation to Ordinary Resolution 7 above, Dr Sarah Lu Qinghui will, upon re-election as Director of the Company, remain as Non-Executive and Non-Independent Director of the Company. Dr Lu is the daughter of Dr Loo Choon Yong, Executive Chairman of the Company.

Ordinary Resolution 9 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the date of the next AGM to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, for the time being.

Ordinary Resolution 10 above, if passed, will authorise the Directors to issue shares in the capital of the Company pursuant to the exercise of the options under the Raffles Medical Group Share Option Scheme provided that the aggregate number of shares to be issued does not exceed 15% of the total number of shares (excluding treasury shares and subsidiary holdings) issued by the Company at any time.

Ordinary Resolution 11 above, if passed, will renew the Share Buy Back Mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the letter to shareholders which is enclosed with the Company's Annual Report.

Ordinary Resolution 12 above, if passed, will authorise the Directors of the Company to issue ordinary shares pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme to members who have elected to receive scrip in lieu of cash in respect of any dividend to which the said Scrip Dividend Scheme is applied.

Notes:

1. *(a) A member, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy in the form of proxy.*

   (b) A member, who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. Relevant intermediary has the meaning ascribed to it in section 181 of the Singapore Companies Act, Chapter 50 which means:

   - *(i) A banking corporation licensed under the Banking Act, Chapter 19, or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;*
   - *(ii) A capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or*
   - *(iii) The Central Provident Fund (CPF) Board established by the CPF Act, Chapter 36, in respect of shares purchased on behalf of CPF investors.*

2. *A proxy need not be a member of the Company.*

3. *The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 585, North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for holding the Meeting.*

4. *A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Singapore Companies Act, Chapter 50.*

5. *Personal Data Privacy: Where a member of the Company submits an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the AGM and / or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the Purposes); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and / or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and / or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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RafflesMedicalGroup

Company Registration No. 198901967K

(Incorporated in Singapore)

IMPORTANT

(a) Relevant intermediaries as defined in section 181 of the Singapore Companies Act, Chapter 50, may appoint more than two proxies to attend, speak and vote at the AGM.

(b) CPF / SRS investors who have used their CPF monies to buy Raffles Medical Group Ltd shares should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

(c) Please read the notes to the Proxy Form.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and / or representative(s), the member, the proxy(ies) and the representative(s) accept and agree to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 4 April 2018.

NO VOUCHERS

After due consideration, the Company has decided to discontinue the practice of issuing vouchers to our shareholders and their proxies at the Annual General Meeting.

ANNUAL GENERAL MEETING PROXY FORM

I/We ____________________ (Name) ____________________ (NRIC/Passport/Co Reg No.)

of ____ (Address)

being a member / members of Raffles Medical Group Ltd (the Company) hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

And / or (delete as appropriate)

as my / our proxy / proxies to attend, speak and vote for me / us on my / our behalf, at the Annual General Meeting (AGM) of the Company to be held at **Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, 1 Marina Boulevard, Singapore 018989** on **Friday, 27 April 2018** at **4.30 p.m.** and at any adjournment thereof. I / We direct my / our proxy / proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy / proxies may vote or abstain from voting on his / her / their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our* proxy/proxies* to vote, for or against the resolutions to be passed at the AGM as indicated below, for me/us* and on my/our behalf* at the AGM and at any adjournment of the AGM.

No	RESOLUTIONS	No. of Votes For*	No. of Votes Against*
ORDINARY BUSINESS – ORDINARY RESOLUTIONS			
1.	Adoption of the Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2017 and Auditors' Report thereon		
2.	Approval of a one-tier tax exempt Final Dividend of 1.75 Singapore cents per share for the year ended 31 December 2017		
3.	Approval of Directors' Fees of S$343,100 for the year ended 31 December 2017		
4.	Re-election of Mr Tan Soo Nan, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
5.	Re-election of Mr Olivier Lim Tse Ghow, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
6.	Re-election of Professor Lim Pin, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
7.	Re-election of Dr Sarah Lu Qinghui, who is retiring in accordance with Article 92 of the Company's Constitution		
8.	Re-appointment of KPMG LLP as Auditors and fixing their remuneration		
SPECIAL BUSINESS – ORDINARY RESOLUTIONS			
9.	Authority to Allot and Issue Shares		
10.	Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme		
11.	The Proposed Renewal of Share Buy Back Mandate		
12.	Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.*

Dated this ________ day of ____________________ 2018

Total Number of Shares Held *(Please see Note 1)*

____

Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this flap for sealing

Notes to Proxy Form:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. (a) A member, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

   (b) A member, who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Relevant intermediary has the meaning ascribed to it in section 181 of the Singapore Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the Company's registered office at 585, North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for the AGM.
5. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Singapore Companies Act, Chapter 50.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited (CDP) to the Company.

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Please

The Company Secretary
Raffles Medical Group Ltd
585 North Bridge Road #11-00
Raffles Hospital
Singapore 188770

Fold Here

Designed and Produced by **Rockstar Atelier**

Expanding Our Landmark For You

ANNUAL REPORT 2017

RafflesMedicalGroup

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